

The National Life Insurance Writer

FRIDAY, MARCH 2, 1934

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Yesterday and Today

The Northwestern Mutual Life Insurance Company, in Harper's Weekly of June 6, 1868, advertised that it was "an Association of Policyholders managed by men selected by themselves, from themselves, for themselves. Thus all officers and members are alike interested. Each member is a *full partner in the whole business.* * * *

"It thus adapts its plans to the benefit of its members, adopts all real improvements, and aims to be A MODEL LIFE INSURANCE COMPANY."

Here are some of the "positive and weighty" reasons then given prompting the patronage of the Company:

"Its risks are chiefly in the healthiest portion of the country and its rate of mortality consequently low."

"It is the *oldest* and largest Life Insurance Company west of the sea-board. * * *

"All its profits are equitably divided among its policyholders.

"All its policies are non-forfeiting. .

"The Company aims not to take advantage of its members or of their misfortunes, but to conduct its business upon the basis of the strictest equity and an enlarged liberality."

This advertisement from Harper's in 1868 could just as well have been written in 1934.

**THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY**

Milwaukee, Wisconsin

A HEART-TO-HEART TALK ABOUT
YOUR FINANCIAL PROBLEMS



Your LIFE INSURANCE is your Best Investment

Hold on to what you have... add to it when you can



Take a few minutes today and look back over the record of your investments during the last four years. Which has given you the least worry? Which has been affected least by the storms of panic and depression? The chances are that your life insurance policy has had the best record of any investment that you own.

There are good reasons why the record of life insurance has been so outstanding during the four black years of depression.

Conservatism

The money you invested in your life insurance policy has been reinvested in carefully selected bonds, mortgages and other securities. Although life insurance investment men are not magicians, they are trained specialists in their respective fields. Their investments are conservative, based on safety, soundness and security rather than possible profits or highly speculative yield.

Steady income

Then, too, life insurance has the advantage of a steady flow of premium and interest

income from all over the country, both in good times and bad. This income makes it unnecessary to sacrifice choice investments for cash.

Diversification

Furthermore your life insurance policy represents not one investment but thousands of investments, backed by ample reserves and supervised by insurance commissioners of the various states. From this spread of sound investments your individual policy gains security and strength.

Speculation Versus Certainty

Should there be a repetition of the speculative fever of the boom era, there will be a temptation to overlook the steady, consistent safety of life insurance as an investment and to turn toward speculative investments which promise huge profits, quickly made. You will be asked to take a gambler's chance, but do not be misled. Hold fast to that which is good! In good times and bad, your life insurance policy will prove to be the backlog of your financial investments, if past experience means anything.

Substitution

You may also be advised to switch your life insurance from one company or plan to another on the plea that you can save money. On the contrary, you probably stand to lose money. No matter how attractive the new proposition seems on the surface, investigation usually shows that, dollar for dollar, the life insurance policy you already

own is better than the new one because of the fact that the older a policy is, the more valuable it tends to become. Before you authorize anyone to change your life insurance from one permanent form to another, write to the company which issued your policy, or to the insurance commissioner of the state in which you live.

Your Best Investment

Your life insurance is your best investment. Hold on to what you have and add to it when you can. Naturally, we hope that you will add your next policy in the Provident Mutual, whose record of service and safety has been unsurpassed since its founding in 1865. But whether through Provident Mutual or some other well-established, conservatively managed company, invest in life insurance. It will pay!

A Unique Investment Opportunity

Provident Mutual offers you an unusual combination of investment and protection in the **Provident Provider Policy**. Through it you can build an income of \$100 or \$200 a month for your later years and provide complete insurance protection meanwhile for your family. Send coupon for free booklet.

Provident Mutual Life Insurance Co.
Philadelphia, Pa.

Gentlemen:

Please send free booklet describing your guaranteed monthly income plan, with the understanding that it places me under no obligation.

Name _____

Date of Birth _____ Month _____ Day _____ Year _____

Home Address _____

Business Address _____

City _____ State _____ AM-60

PROVIDENT MUTUAL

LIFE INSURANCE COMPANY OF PHILADELPHIA

Founded 1865

(Also appearing in Literary Digest, Popular Science and Time)

This is the third of a series of full-page advertisements published by Provident Mutual in magazines of national circulation. The series deals with the strength and security, not of one company, but of the institution of life insurance as a whole.

The National Underwriter

LIFE INSURANCE EDITION

Thirty-Eighth Year—No. 9

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, MARCH 2, 1934

\$3.00 Per Year, 15 Cents a Copy

Companies Quitting Disability Income

Equitable of New York and New York Life Withdraw Clause March 5

SMALL DEMAND IS CITED

Adverse Court Decisions* in Many States Given as Another Reason for Action

Announcement has been made by the Equitable of New York and New York Life that the disability income clause will be discontinued in connection with new insurance after March 5. This action is taken to indicate that a number of other more important companies also will abandon disability income in the near future.

Many of the eastern companies closely follow each other's practices. The Metropolitan, Prudential, John Hancock, Travelers, Mutual of New York, Aetna, New England Mutual and Union Central discontinued the clause Jan. 1, 1932, when the benefit generally was reduced to \$5 per \$1,000 per month and waiting period raised to six months. There were many others as well.

Reasons for Withdrawal

Several reasons are given by the Equitable and New York Life, one being little demand for the restricted coverage. In the Equitable only approximately 6 percent of policies issued last year were written with the disability income clause. The New York Life states that only three per 1,000 policies issued last year carried this protection.

Most companies state that there will be no change in regard to waiver of premium or double indemnity coverage, and likewise the action will not affect disability income on policies in existence. The companies will continue to issue the income clause on applications in the hands of the home office or local cashiers for forwarding to the home office on or before March 5, accompanied by medical examination. This applies as well to requests for issuance of riders to existing policies, or increase of disability through unpaid changes.

Imminent Court Decisions

One of the chief reasons which caused the companies to discontinue the benefit is recent court decisions, which have tended to create a great deal more hazard and complicate administration of the income disability feature. During the last year or so there has been a vast increase in number of claims filed under the disability income clause. Generally throughout the insurance world the public has become much more claim-conscious. Hard pressed for cash, people have turned to every avenue for money. The result has been many unjustified claims, company officials say, and life companies have

Financial Section Plans for a Special Conference

TOPICS FOR CONSIDERATION

American Life Convention Officials Will Take Up Important Questions at Chicago Meeting

The Financial Section of the American Life Convention will hold a special meeting at the Palmer House in Chicago March 16 for the purpose of considering and discussing matters of current interest to the financial executives of the life companies. O. J. Lacy, executive vice-president, Minnesota Mutual Life, is chairman of the section and will preside.

The program for the gathering will cover, among other subjects, bonds and farm mortgages. The discussion as to bonds will include "The Present View of Utility Bonds," "Comments on Rails and Industrials," "Comments on Municipal Bonds" and "Portfolio Improvement by Exchange of Securities." In regard to farm mortgages the discussions will cover crop reduction contracts, effect of crop reduction contracts with governmental agencies on landlord and tenant, federal land bank loans, joint arrangement for the management of real estate owned and joint supervision of real estate loans.

Been forced to contest many claims. There has been a greater exposure to the hazard of adverse decisions.

It is said in 17 states courts have ruled that the disability income clause is similar in many respects to accident and health coverage. This opens a way to application to disability income coverage of many rulings over the years adverse to accident and health insurance.

Unusual Oklahoma Ruling

Juries have been prone to permit claimants in need of money to recover. This tendency reached a peak only about a month ago in a decision of the Arkansas supreme court under a disability income clause in a life policy, awarding the income payments retroactively for several months, even though the policyholder had not given notice of total and permanent disability. This was based on his having contracted tuberculosis. The life company showed that he had worked throughout the period for which judgment was granted, but the policyholder testified that he did not know he was disabled. One of the justices in a dissenting opinion pointed out this oddity in reasoning.

Decisions waiving the notice requirement have been met in many other jurisdictions. A Minnesota decision held that the notice provision in accident and health insurance should be read into the disability income clause in life insurance.

Insurance company counsel state that conditions are getting to a point where total and permanent disability is almost a joke because of the way courts construe it.

Some medical directors consider that the peak of the hazard has been passed; that extreme economic pressure which brought about the situation no longer

Prudential's Record for the Year Recently Ended

REAL SERVICE WAS RENDERED

Figures Show the Magnitude of the Work and Achievements of the Institution

NEWARK, N. J., March 1.—During the four depression years, 1930-33 inclusive, the Prudential paid to policyholders and beneficiaries \$1,654,729,000, the 1933 total, in excess of \$455,000,000, being equalled only in one previous year, according to the annual statement. More than 352,000 claims were paid during 1933, of which 45,698 were maturing endowments paid to living policyholders. Premium income from 22,000,000 holders of 32,000,000 policies was \$540,000,000. Total income from all sources was within 5 percent of the 1932 figure.

Insurance in Force

It is significant that despite economic conditions the total insurance in force is more than \$15,000,000,000, and within 2 percent of the total at the close of the previous year. In new paid-for insurance the total for 1933 was \$2,149,999,413, of which industrial accounted for \$1,033,480,967, while \$1,016,518,446 was ordinary, intermediate and group. Assets at the end of 1933 amounted to a new high total of \$2,835,007,067, a gain of more than \$61,000,000 for the year. Liabilities, including \$97,593,789 of legal contingency and other special reserves, aggregated \$2,763,921,818.

Surplus and Reserve Increased

During the depression period, 1929-33 inclusive, it was not found necessary to draw on either surplus or legal contingency reserve, but on the contrary both these items were increased from \$102,979,000 at the close of 1929 to \$134,679,000 at the end of last year. Such asset losses as have actually materialized have been met each year without difficulty out of current revenue and in addition substantial provision has been made for other possible shrinkage, supplementing the regular surplus and legal contingency reserve. The record for the year indicated a reduced number of cancellations and a larger number of reinstatements, the improvement being especially notable during the second half of the year.

exists and companies could safely continue to write the abbreviated clause, especially since it does not bulk large in production these days.

There have been many more borderline cases in the last year or so. Some medical directors consider that many of the accident and health court decisions are favorable to life companies writing disability income. The awarding of indemnity when misrepresentation occurred in obtaining the insurance, has been found in many jurisdictions contrary to public policy. There, too, are a number of decisions holding that the incontestable feature in the life policy does not cover the disability income clause.

Some companies consider the dis-

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Future Emphasis on Human Factors

Life Insurance Conspicuously in Picture, Cleary Tells Fraternal Congress

SEES SECURITY SOUGHT

Northwestern Mutual's President Gives Hints on Sound Investment Policy for This Year

The future in the United States will bring stronger emphasis on the human factors and less on the material and management effects. The people will be content with less, but will demand a degree of certainty to which they have not given much attention in the past. They will think in terms of independence, comfort and a competence. The prospect brings the life insurance institution conspicuously into the picture, for it has demonstrated a great degree of certainty.

This was the prediction of President M. J. Cleary of the Northwestern Mutual Life of Milwaukee at the mid-winter meeting of the National Fraternal Congress in Chicago.

Immense Social Good

He said life insurance has done immeasurable good in a way generally not recognized. When a man owns a home and has a family he has a stake in America and the preservation of its institutions. When he is not settled he is fertile soil in which to sow seeds of radicalism. No American institution has done so much to build up a reserve for things necessary to progress and security in this country as has life insurance. From 60,000,000 to 75,000,000 people in this country are making use of one or another of the hundreds of insurance institutions as vehicles of thrift.

The life companies and societies offer a degree of stability and confidence which, Mr. Cleary said, it is safe to say are not found in any other institutions in the country. Very, very few have failed to measure up, the number being insignificant either from point of number, insurance in force or assets. The institution merits confidence of the people.

Highest Type of Trusteeship

It has responsibilities of an unusually sacred character. No type of trusteeship transcends that of life insurance. Life companies and their people ask the public to place in their hands the safety of old age, of children, families, education, etc. The record of responsibility and observance of this trusteeship is one of which, Mr. Cleary said, the institution can be proud.

America is undergoing a social and economic revolution. He said that he does not regret that in some respects

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Public Utility Situation Not as Serious As It Seems on the Surface

BY R. B. MITCHELL

NEW YORK, March 1.—While life companies, with their large investments in public utility bonds, are naturally opposed to oppressive legislation in that field, they are keeping hands off in the bitter fight now being waged by the power companies against the bills which have been introduced in both houses of the New York state legislature which would (1) give municipalities the right to build and operate competing plants and (2) authorize temporary rates based upon a return of not more than 5 percent.

The life companies have been repeatedly urged to throw the weight of their influence against such measures. It has even been suggested that the companies could do much by bringing the situation to the attention of their millions of policyholders so that the latter might bring pressure to bear on their legislative representatives.

Good Would Be Offset by Alarm

However, when the total probable result of all this type of legislation is considered, it seems unlikely that the aggregate effect on life company utility investments, which are primarily in bonds, will be appreciable. In view of this, it is felt that whatever good the life companies might do by a vigorous and outspoken championing of the utility companies' cause would be more than offset by the alarm it would cause to policyholders. Many of the latter would undoubtedly interpret their life companies' action in joining the fray as meaning that officials were worried about their utility investments.

The bills authorizing temporary rates based upon a return of not more than 5 percent are much less serious from a utility company's point of view than the measures which would allow cities to build competing power plants, nor would the former proposals have any chance of affecting the security or earning power of the utility bonds held by life companies.

Many Barriers in Way of Extensive Building

As for the bills permitting competing municipal power plants, there are so many barriers in the way of the extensive building and operation of such plants, even with the liberal grants and loans available from the Public Works Administration, that there would seem to be little danger of the process going far enough to affect holders of public utility bonds.

First, there is a good chance that these bills will not get through the legislature. But even if they should become law, their provisions are not mandatory, but merely permissive. The cities must decide for themselves if they want to build their own plants. If the results of referenda on this point in the elections of last fall are any indication, the sentiment of cities is likely to be preponderantly in favor of private ownership.

PWA Lure to Finance Building Not Convincing

The margin in favor of private ownership was particularly significant because of the liberal offers of financing by the PWA to stimulate employment. Where such projects are self-liquidating, the Public Works Administration will give outright 30 percent of the cost of the project and lend the remaining 70 percent at 4 percent interest. In spite of this lure, which has never before existed and which will probably never again be present, municipal ownership was decisively defeated in seven of the

11 communities which voted on the question. In one case, Cincinnati, it should be noticed that federal aid proposals played no part, as the plan there was to buy the existing private plant.

Beside Cincinnati, the Ohio cities of Youngstown and Portsmouth defeated municipal ownership projects. Others voting the plan down were San Francisco, Salt Lake City, Bordentown, N. J., and Tyrone, Pa. Those favoring it or granting the city government the right to go ahead at its discretion were Sandusky, O., Camden, N. J., and Fleetwood, Pa.

In view of such indications of the public's temper, life company officials have little fear of any rush of cities to

the municipal ownership idea. The question is usually an old story in many of the cities where it has been voted on and has been up for the electorates' approval at various times previously. While most of the agitation and publicity has concerned the building of municipal plants or the taking over of private plants, it is stated that more public power plants have been taken over by private corporations than vice versa.

But even supposing that cities should receive legislative sanction to build and operate their own plants; that an unexpectedly large percentage of them should decide to do so; that this competition should be adjudged by the courts to be legal and constitutional; and that the

inroads of city-owned plants should force the utility companies and cause the bondholders to take them over—all of which contingencies are unlikely and some of them extremely so—it is difficult to see how life companies would lose much through their utility investments.

This can be seen by a consideration of the situation in cities where private and municipal plants are operating in competition and neither of them going broke. Cleveland and Los Angeles are the outstanding examples. However, in such cases it must be remembered that the big reason why both plants can operate successfully is that they both grow up with their cities. The private plant didn't have to scrap a large part of its equipment and readjust itself to drastically reduced income because of its roads by governmentally subsidized competitor.

Examples such as Cleveland and Los Angeles show clearly, however, that without destructive competition the private plant can be operated alongside municipal plant and still make money. This in turn indicates that if the stockholders of a utility operating company were squeezed out, and the plant taken over by the bondholders at the value of their investment, probably about half the present assessed valuation, the new owners should be able to show a profit even in competition with municipal ownership, because of the reduced valuation on which earnings would be figured, and also because of the absence of any bonded indebtedness.

Bondholders Could Operate Plants at Low Rates

In the foregoing example, it is assumed for the sake of simplicity, that there is only one class of bondholders. However, since the securities held by life companies are practically all underlying obligations, the result as far as the companies are concerned would be the same.

Suppose, for instance, that an operating company whose properties are valued at \$20,000,000, should be taken over by a life company which holds all its bonds, totaling \$10,000,000. The life company, as owner, would need to charge only high enough rates to enable it to earn a net rate of 5 percent or whatever the bonds' interest rate was in order to break even on the deal. It would seem as if the threat of this low rate competition in the event that municipal ownership squeezed out the stockholders and junior bondholders would be sufficient to cause many cities to look more deeply into the implications of city-owned plants before plunging into such projects.

Magnitude of Sums Involved Checks Action

Another factor which might be considered by those who are worried about a wave of public ownership making the properties of private operating companies useless, is the relative magnitude of the sums which are involved. Vast as are the sums available for distribution through the PWA, the investments of operating companies throughout the United States are much vaster. Even if the PWA should put the bulk of its funds into building municipal utility plants, the sum would be of modest proportions compared to the total valuation of the country's utilities. It might ruin a few private owners here and there, but the PWA would probably run out of money before it could do much damage on a nation-wide scale.

Test Congress' Power to Abrogate Gold Clause

By JOHN F. WOHLGEMUTH
Secretary, The National Underwriter

Devaluation of the dollar is absolutely within the power of Congress. The power of Congress to abrogate the gold clause in mortgages and other contracts is more doubtful. A test of the latter power has been started at Columbus, Ohio, in a foreclosure action brought by the Equitable Life of New York against Theodore and Edna Freda of Columbus.

Many life policies still outstanding contain a clause making them payable in "gold coin of the present standard of weight and fineness." These were issued early in the century when the Bryan free silver agitation was a factor in politics.

Attitude of the Court

In the Freda case at Columbus Judge King of the common pleas court ruled that the gold embargo invoked by Congress and President Roosevelt does not invalidate lawful contracts calling for payment of gold. The payment, Judge King said, must be made in lawful currency of the United States in a sum equal to the amount of gold called for in the contract. Newspaper dispatches on the case are meager, but evidently Judge King holds that the law passed by Congress abrogating the gold clause in contracts is invalid and ineffective.

The purport of Judge King's ruling is that a mortgage for \$1,000, executed before the President's devaluation order, and containing the customary gold clause, calls for 23,220 grains or 48 3/4 ounces of fine gold, and that there is no power to impair the obligation of this contract; or rather, that no action yet taken has impaired the obligation of the mortgagor to pay 48 3/4 ounces of gold on a \$1,000 mortgage.

Translation Into New Dollars

Translated into new dollars at 35 to the ounce, this means that a mortgagor owing \$1,000 and bound by the gold clause must pay \$1,693.125. Under the same ruling, a life insurance policy, issued with the gold clause, would call for the same sum on maturity. Bonds, which like mortgages nearly always contain the gold clause, similarly call for 1,693 1/2 dollars, new style.

The test was bound to come. There can be no stability until this question has been through the courts. From the standpoint of devaluationists, it is much better to have the test come on the foreclosure of a home, where the demand on the home owner is for five-eighths more dollars than he contracted for, than it would be to have it come

on a life policy, where it would appear that a huge corporation was going back on its contracts.

The ruling does not necessarily represent the legal judgment of Judge King. In a vital case a trial court will often make a ruling so as to present the vital question for the upper courts, rather than to go on its own opinion or inclination.

Effect of the Ruling

If Judge King's ruling is correct, then we have chaos. Instead of relieving the farmer, the home owner and other mortgage debtors by canceling two-fifths of their debts by devaluing the dollar, devaluation will crucify debtors by requiring them to pay five-eighths more than they contracted for.

Until the question is settled there can be no stability. The experts are puzzled because the so-called stabilization of the dollar at 59.06 has failed to accomplish what was expected. The same newspaper issue that told of the Columbus test told of Secretary of the Treasury Morgenthau having another conference with the professors to see what can next be done to help the situation. When business is afraid to move because of doubts of the permanence of the stabilization attempted, the experts go on and talk about paper dollars or silver dollars.

Up to the U. S. Supreme Court

The final say on devaluation of the gold dollar and abrogation of the gold clause in mortgages and other contracts rests with the U. S. Supreme Court. The legal considerations can only be indicated.

The constitution gives Congress absolute power over the currency and over weights and measures. Congress can change the weight of gold in the dollar, just as it can change the weight of wheat in the bushel, the weight of the pound avoirdupois, the content of a gallon, etc. That power is beyond argument. The real question is on the power of Congress to nullify contracts calling for dollars of a certain weight or fineness.

Insurance companies are used to having contracts changed by law. If an insurance company issues a policy in a state where that state requires terms differing from those in the actual policy, the legal terms will prevail, rather than those incorporated in the policy. This differs from the gold clause question in this, that if a policy is issued before a state law regulating the terms

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Fraternal Take Militant Action

Oppose City Bankruptcy Bill, 13-Month Calendar in Chicago Sessions

ORGANIZE IN OKLAHOMA

Congress Societies Take Steps to Protect Selves on Defaulted Municipal Bond Issues

By DALE R. SCHILLING

The National Fraternal Congress swung into action in its Chicago mid-winter session to meet militantly several threats against member societies. A resolution was adopted strongly opposing the municipal bankruptcy bill in Congress. Copies of the resolution will be sent to all congressmen, party leaders and other influential men.

The societies took action to organize thoroughly against the attempt of Governor Murray of Oklahoma to impose a premium tax retroactively with penalties back to 1923. The congress will have observers and counsel on the ground.

A resolution of the secretaries' section of the N. F. C., opposing a proposal to change the calendar in 1939 to a 13-month basis on the grounds that it would throw out of line all rate schedules and premium payments on insurance, would make difficult comparison of statistics, etc., was adopted by the presidents' section.

Consider Bond Question

Another question of vital importance, what to do with defaulted municipal bond issues, was discussed at great length. The N. F. C. members have not had success with the present method of joining bondholders' protective committees, depositing their bonds, etc. The expenses have been high for attorneys' and banks' fees, with little or no return. The consensus was that it is better to make personal contacts with communities and larger bondholders in order to work out the problem.

The whole spirit of the mid-winter meeting was one of putting fraternal societies over in a much bigger way than ever before. One step to this end was a proposal, tentatively approved by the presidents' section, to hold the mid-winter meeting in New York City at the time of the annual commissioners' convention and meeting of the Life Presidents Association.

Annual Meeting Date Set

Heretofore a few N. F. C. leaders have attended the two New York meetings. Last year there were 53 present. The project was passed to the executive committee to present at the annual meeting Aug. 20-23 in Atlantic City.

Another project adopted was the appointment of a committee to collect information on municipal bonds in default owned by member societies. The principal purpose will be to facilitate cooperation of various societies owning the same issues.

President Bradley C. Marks, head A. O. U. W., North Dakota, presided at two joint sessions and President Philip Steele of the Chicago Fraternal Life Association at meetings of the presidents' section. Vice-president William Heckenkamp, president Western Catholic Union, Quincy, Ill., expressed opinion that the N. F. C. societies are at the crossroads. He suggested the advisability of considering whether the so-

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Actuaries Agree Rewritten Cases Are Generally Bad

HIGH LAPSE RECORD RESULTS

Suggestions for Handling Problem Are Made in Gathering of Chicago Actuarial Club

Rewritten and reinstated business is highly unprofitable, it was the consensus in a discussion by the Chicago Actuarial Club. Lapse experience is bad. One actuary gave results on 73 cases reviewed which were rewritten in Minnesota in 1930, involving \$123,000. There were 16 on extended term basis, the values being used to pay premiums for less than one year. Six of these lapsed without further payment of premium, six more lapsed within the year, two more within two years and today only two of the 16 are on the books, amounting to \$4,000. Of the other 57, which were paid for one year out of values, 30 lapsed with no more premiums paid, 17 lapsed within the first year, three within the second year and now only five are on the books for \$11,000, in addition to which there have been two death claims for \$3,000. Of the 73 cases only seven remain in force for \$15,500.

Comment of Executive

The comment from a company executive was read to the effect that such policyholders on the average change their policies every six years, using old values and rewriting. One company rewrote cases on extended insurance involving \$100,000 or more, using an acquisition cost loading. The work was handled by a man specializing in rewrites. After two years all this business was off the books. It was concluded that better experience would be

Texas Veteran Dies



O. S. CARLTON

O. S. Carlton, 64, former president of the Great Southern Life of Houston, Tex., died from a heart attack. He organized the Great Southern in 1909, retiring from the presidency in 1921. He moved to Houston while a young man, having resided there 32 years, 25 of which he had been active in insurance work.

secured with rewriting handled direct from the home office.

Another company has employed two ideas, both of which failed. One was to use persons who have done conservation work. Another experiment was to

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City Moratorium Bill Big Problem

Ekern Explains Congressional Proposal in National Fraternal Congress Meeting

IMPERILS INVESTMENTS

Radical Features in Measure Termed Un-American by Former Wisconsin Commissioner

Investments of old line companies and fraternal in municipal securities are gravely threatened by the municipal bankruptcy bill being considered in the U. S. senate judiciary committee and which has passed the house, H. L. Ekern, insurance attorney, former attorney-general and insurance commissioner of Wisconsin, reported in the mid-winter meeting of the National Fraternal Congress in Chicago.

This bill if it becomes law, Mr. Ekern believes, not only will destroy confidence in the government and greatly depreciate value of securities issued by cities availing themselves of the moratorium, but of all other municipal bond issues. Although the act is entitled an emergency measure, Mr. Ekern said it seems assured that any moratorium occurring would last much longer than two years, the period designated in the bill. A moratorium could be kept going for at least that period with no service on any interested person.

Termed Un-American Provision

He pointed out the great danger in the provision that 30 percent of the bondholders could bring on a moratorium immediately. The stipulation is that this 30 percent clause applies to value of bonds and not number of bondholders. Mr. Ekern asked when it has become the American principle to give votes to dollars and not the people. A moratorium would go into effect by routine court order immediately after the 30 percent file a petition to that effect. It would be a gold mine for lawyers, service committees, etc., the expenses to be paid for by unlimited authority of the city to levy taxes.

The bill calls for agreement of two-thirds of bondholders in amount of bond values before a moratorium would become final, but excludes in calculations all for whom other provisions have been made, in cash, "secured," etc.

Mr. Ekern finds it would be impossible to administer the act in a fair way. There would be no way on earth to dispose of even the preliminary proceedings in two years. He finds the bill destructive of the American form of government. It may have an appeal to people who think standards of honesty have been broken down in the depression. It is receiving great support from men largely from the south who are good Democrats, and from politicians who hope to set up another "pork barrel" because statutory bond limits have been exhausted.

Points Out Inequalities

He said the ultimate of bankruptcy is that if a compromise cannot be effected, the property of the debtor shall be distributed among creditors, but this cannot be done with a city's property. Another point is that when city municipal bonds are issued they are pledged for 30, 40 or 50 years and a tax to mature them, with interest, is levied throughout that period. In case of municipal moratorium, Mr. Ekern asked how could

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MODERN MAGIC

The magic of wireless:—Amateur wireless operator in Arctic Circle. In daily contact with New Zealand operator. Two weeks ago the New Zealander was listening. Signals became confused. Abruptly stopped. He sensed something was wrong. Signaled his fears to an operator in Honolulu. Who called an operator who was near the silenced Arctic set. He rushed his dogteam to the nearby igloo. Entered. The man unconscious from charcoal fumes. Dragged him out. Revived him. Saved his life. Only ten minutes from Arctic Circle to New Zealand and back to Arctic Circle, by way of Honolulu, and the starting of the rescuing dogteam.

The magic of life insurance:—A husband's application, prepaid, for life insurance. Accidental death the next day. Claim swiftly paid, before ever the policy was issued. Home saved and family provided for.

The science of wireless and the science of life insurance—modern magic, both—are two of the most useful to humanity.

THE PENN MUTUAL LIFE INSURANCE CO.

WM. A. LAW, President

Independence Square

Philadelphia

Facts Are Given On Insurance Tax

United States Chamber of Commerce Analyzes the Special Levies

BURDEN QUITE HEAVY

Large Percentage of Amount Collected Goes to General Revenue of the States

The United States Chamber of Commerce insurance department has issued Bulletin No. 42, bringing out some facts as to insurance taxation. Last year one or more bills providing increases in insurance taxation were introduced in at least 14 states. All of these failed. Nevada for the first time enacted a premium tax of 1½ percent on net premiums. All states and the District of Columbia now impose a premium tax, which furnishes at least 90 percent of the total revenue coming from all special forms of insurance taxation.

Figures for 1933 Given

The United States Chamber finds that for the year ending July 1, 1933, there was a total of \$89,482,511 collected from insurance companies as taxes. This is a decrease of \$6,002,029 or 6 percent from the previous year, due to reduction in total premiums. The survey does not deal with taxes which insurance pays in common with other forms of business. The bulletin is devoted entirely to special taxes placed on insurance.

During 1932 the insurance department expenditures amounted to \$4,286,341 as compared with \$4,405,669 in 1931, a decrease of \$119,328 or 3 percent. On the other hand, the percentage of total insurance department disbursements in 1932 to total insurance taxes was 4.79 percent, the highest percentage for any year since 1918. The U. S. Chamber states that 4.79 cents of each dollar collected was spent in the service of the policyholders, the remaining 95.21 cents being used for general revenue purposes.

(CONTINUED ON PAGE 15)

Research Bureau Reports Gain in Ordinary Sales

New ordinary sales in January increased 1 percent, according to the Sales Research Bureau. During 1933 the monthly comparisons showed a steady improvement but January, 1934, represents the first increase recorded in 24 months. Seven sections of the country shared the gain; only two, the New England and middle Atlantic, failed to equal the production of last January. Of the companies reporting figures, 64 percent reported gains in sales during January. Comparative figures follow:

	Jan., 1934 Comp. to Jan., 1933 Percent	Last 12 Mos. Comp. Percent
United States Total.....	101	90
New England.....	91	93
Middle Atlantic.....	94	86
East North Central.....	102	90
West North Central.....	105	94
South Atlantic.....	114	91
East South Central.....	117	101
West South Central.....	128	97
Mountain.....	109	89
Pacific.....	102	87
Cities		
Boston.....	87	..
Chicago.....	103	..
Cleveland.....	105	..
Detroit.....	103	..
Los Angeles.....	99	..
New York.....	89	..
Philadelphia.....	100	..
St. Louis.....	110	..

Federal Judge in Opposition to Court Receivership Plan

RESULTS ARE USUALLY FATAL

Justice Evans of Illinois Believes Responsibility Rests on Insurance Men to Change Procedure

Insurance company receiverships should be kept out of the courts. It is almost fatal for a company in difficulties to be dumped into the legal channels. There starts a widespread lapsing by life company policyholders. Other companies only naturally strive to profit at the expense of the failed company by rewriting its business. This is the opinion of United States Appellate Judge Evans of Chicago, expressed in a talk at the mid-winter meeting of the National Fraternal Congress in that city.

Judge Evans said a court receivership cannot work successfully. He believes something must be done to prevent insurance companies from being wound up by the courts. He cited the Illinois Life, where in spite of strenuous efforts of the court and receiver to preserve the business, a vast amount was lapsed and permanently lost.

There should be some sort of power granted by the legislature to somebody to work out matters with the insurance department before a company's difficulties reach the final stage, he said. The courts are busy at best. The legal process requires much time as a rule. It behooves insurance people to secure legislation in the various states to require a minority interest in a company to submit to the majority when recommendations meet the approval of the insurance commissioner.

Judge Evans was followed by H. L. Ekern, insurance attorney and former attorney-general and insurance commissioner of Wisconsin, who said it is inevitable in receiverships that the insurance shall be terminated unless reinsurance is obtained. A great mass of unfortunate life and accident policyholders are unable to get insurance anywhere else. Mr. Ekern said Judge Evans' suggestion had been worked out in part by legislatures of some states, on the so-called conservator basis, but this does not solve the entire problem and additional legislation is needed.

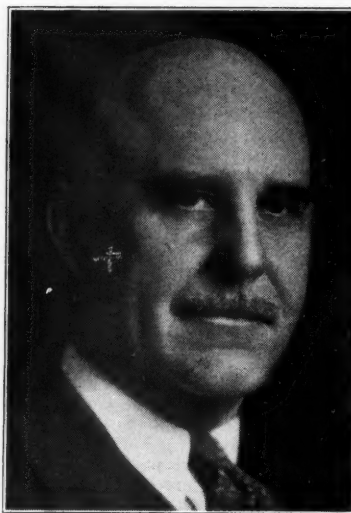
Detroit Company Officials Honor Commissioner Gauss

Celebrating the close of his first year of service as Michigan insurance commissioner, the affiliated insurance interests of Detroit tendered a banquet to Charles E. Gauss. Thirty-five executives attended. W. G. Curtis, president National Casualty, introduced Claris Adams, executive vice-president American Life, who acted as toastmaster.

Among those who responded were George K. March, president Detroit National Fire; Clarence L. Ayres, president American Life; Raymond Waldron, vice-president Detroit Fire & Marine; P. W. A. Fitzsimmons, president Michigan Mutual Liability; S. A. Lambert, president Agricultural Life; J. J. Ramsey, general manager Detroit Automobile Inter-Insurance Exchange; Ethan Thompson, supreme commander of the Maccabees; H. H. Smith, former president Central West Casualty; L. T. Hands, vice-president and general manager Michigan Life; Armstrong Crawford, president Great Lakes Casualty; John A. Reynolds, president Detroit Life; H. D. Brown, counsel Detroit Automobile Inter-Insurance Exchange, and J. E. Reault, actuary Michigan department.

Problems that are confronting all types of carriers operating in Michigan were discussed informally with the commissioner.

New Head of Volunteer State Is Military Man



RICHARD H. KIMBALL

Richard H. Kimball, the recently elected president of the Volunteer State Life of Chattanooga, has a military background. A native of Texas, he graduated from the University of Texas in 1903 and then from the United States Military Academy at West Point in the class of 1907. He served for 15 years as an officer in the army and during the world war his service was almost entirely on the general staff, for which he was awarded the distinguished service medal.

Following the world war, he retired from the army to enter business in Chattanooga, becoming engaged in the handling of large real estate and investment interests, and becoming connected as director and executive with several important industrial concerns.

Mr. Kimball has been a director of the Volunteer State Life ten years and was elected executive vice-president in 1932, since when he has devoted his time exclusively to the business of the Volunteer State.

Mr. Kimball was president of the Chattanooga chamber of commerce in 1926 and president of the community chest in 1930 and 1931.

Canadians and Americans at School of Research Bureau

An unusual example of international cooperative effort was given in the two-weeks agency building school conducted by the Life Insurance Sales Research Bureau at Niagara Falls, Ont. Thirteen Canadian general agents and managers joined with eight of their confreres from the American side to discuss in lectures and informal discussions some of the major problems facing the agency builder of today. This school was the first of four which the Research Bureau is holding this year. The next will meet at Mineral Wells, Tex., April 9; the third opens in Santa Barbara, Cal., June 4, and the fourth in Chicago, July 30.

The recruiting of new men was probably the problem which received the most attention, according to H. G. Kenagy, assistant manager of the Research Bureau and leader of the three-man faculty which it sent to the school.

Judge Warner's Candidacy

CINCINNATI, March 1.—It is reported here today that Judge Charles T. Warner of Columbus, state superintendent of insurance, will be a candidate for the place on the state supreme court to be made vacant, provided Judge Florence Allen is named to the Federal bench.

Deny Van Schaick Is to Quit Office

Rumors Arising from Mortgage Guarantee Situation Are Declared Absurd

CRITICISM UNJUSTIFIED

New York Superintendent's Ability Unquestioned—Department Handicapped by Lack of Funds

NEW YORK, March 1.—Unqualified denial is made at the department office of the rumored intention of G. S. Van Schaick to resign as insurance superintendent because of criticism of his handling of the mortgage guarantee situation. The story is understood to have originated in a dispatch sent by an Albany correspondent, with the further statement that Mr. Van Schaick would probably be succeeded by J. J. Hoey of this city.

The report was generally considered to be absurd because of the efficient conduct of the department under Mr. Van Schaick and as well the profitable character of Mr. Hoey's business interests, and the pride he takes in his post as collector of internal revenue in this city.

Appointed by Roosevelt

When some three years ago Mr. Van Schaick was induced by President Roosevelt, then governor of New York, to surrender his private legal practice at Rochester to become superintendent, he accepted from a sense of public duty. He knew little about insurance affairs, but was recognized as possessing executive ability and sound judgment. These qualities have been much in evidence during his administration through the most troublesome period insurance has ever known.

Not only were problems of the most intricate character, the handling of which required ability of exceptional degree, presented him, but he was sadly handicapped through the death of his two chief aids, and the inability of the legislature to provide funds with which to engage an adequate examining staff.

Heavy Burden on Department

In addition to the attention that Mr. Van Schaick was forced to devote to the insurance interests reporting to his department, the failure of a score of more of important mortgage guarantee companies placed a further burden on his office. Despite the criticism directed against the superintendent in the latter connection, unprejudiced observers hold his handling of the mortgage situation to have been eminently satisfactory, and doubtless far better than could have been done by any other means.

Mr. Hoey is widely known in both underwriting and political circles in the metropolis. A former deputy superintendent of the department, he was subsequently vice-president of the Continental, resigning a number of years ago to engage in the local business as member of the agency firm of Hoey & Ellison. His appointment as collector of internal revenue by President Roosevelt occurred several months ago.

Occidental Life's Gain

The Occidental Life of Los Angeles registered a gain of 33½ percent in new business in January, with a total, exclusive of group, of \$4,340,777.

NEW YORK LIFE INSURANCE COMPANY

A MUTUAL COMPANY FOUNDED IN 1845

INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

89TH ANNUAL STATEMENT, DECEMBER 31, 1933

To the Policy-holders and the Public:—

The service of a life insurance company is measured, largely, by its returns to policy-holders and beneficiaries. By this standard the New York Life accomplished more in 1933 than in any other year since it began business in 1845.

In this year of stress, in addition to making many policy loans, the Company paid the enormous sum of \$255,977,483 to policy-holders, beneficiaries, and annuitants.

It closed the year with Assets amounting to \$2,010,943,112, the largest in its history, valued as prescribed by the National Convention of Insurance Commissioners. The Company's total Liabilities were \$1,896,651,321.

Its surplus funds reserved for general contingencies amounted to \$114,291,791.

In the interest of conservatism, the Company voluntarily set up in its liabilities two special contingency reserves as follows: \$21,014,507, which is the difference between December 31, 1933 market quotations and the values carried in Assets of stocks, and of bonds in default, bonds of companies in receivership, and bonds which for any reason are not carried in Assets at amortized value; and \$7,500,000 for deferred mortgage interest collections, which are larger than normal due to the general economic situation.

The Company also set aside a reserve of \$48,038,244 for apportionment of dividends during 1934, a sum sufficient to provide the same regular annual dividend on each individual policy as was paid in 1933, except on term insurance policies.

Of special interest was the increased demand for annuities. Many men and women, desiring to secure a fixed income for life and relief from investment worries, placed their capital in annuities providing a guaranteed life income. The total so invested was \$20,662,386, a larger amount than in any other single year.

The total insurance in force represented by 2,672,876 policies was \$6,869,268,269. The total new paid for insurance was \$378,669,800.

The following table shows the diversification of the Company's Assets as reported to the Insurance Department of the State of New York and valued as stated above:

	Per Cent
Cash on Hand or in Bank	\$30,943,412.43 1.54
United States Gov't. Bonds	98,164,386.21 4.88
State, County, Municipal Bonds . .	154,913,244.26 7.70
Public Utility Bonds	154,483,453.00 7.68
Industrial and Other Bonds	18,598,126.14 .93
Railroad Bonds	360,293,658.42 17.92
Canadian Bonds	39,957,188.69 1.99
Foreign Bonds	2,064,448.32 .10
Preferred and Guaranteed Stocks .	67,923,705.64 3.38
Real Estate (Including Home Office) .	72,477,359.29 3.60
First Mortgages, City Properties .	495,297,998.40 24.63
First Mortgages, Farms	17,353,431.95 .86
Policy Loans	413,873,648.41 20.58
Interest & Rents Due & Accrued .	41,269,429.08 2.05
Other Assets	43,329,621.78 2.16
TOTAL ASSETS	\$2,010,943,112.02 100%

Further information about the Company will be furnished upon request to its Home Office at 51 Madison Avenue, New York, or to any of its Branch Offices throughout the United States and Canada.

Thomas A. Buckner
President

BOARD OF DIRECTORS

JOHN E. ANDRUS
Manufacturer,
Arlington Chemical Company
Yonkers, N. Y.

JAMES ROWLAND ANGELL
President, Yale University
New Haven, Conn.

NATHANIEL F. AYER
Treasurer, Cabot Mfg. Co. (Textiles)
Boston, Mass.

CORNELIUS N. BLISS
Chairman of Board,
Bliss, Fabyan & Company

HENRY BRUÈRE
President, Bowery Savings Bank

MORTIMER N. BUCKNER
Chairman of Board,
New York Trust Company

THOMAS A. BUCKNER
President

NICHOLAS MURRAY BUTLER
President, Columbia University

CHARLES A. CANNON
Chairman of Board,
Cannon Mills Company
Kannapolis, N. C.

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WILLIAM H. DANFORTH
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Ralston-Purina Company
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ROBERT E. DOWLING
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JAMES G. HARBORD
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Resident Manager, New York State
Employers' Liability Assurance Corp.

HALE HOLDEN
Chairman of Board,
Southern Pacific Company

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Philadelphia, Pa.

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Chemical Bank & Trust Company

WILLARD V. KING
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FRANK PRESBREY
Chairman of Board,
Frank Presbrey Co., Advertising

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Vice-President,
J. H. Winchester & Co., Inc.

PERCY S. STRAUS
President, R. H. Macy & Co., Inc.

RIDLEY WATTS
Director,
Chemical Bank & Trust Company

Agents May Fight Hercules' Offer

Court Action Termed Near if Low Commission Proposal Is Maintained

NO CONTRACTS SIGNED

Producers Credited with Representing 80 Percent of National Life, U. S. A. Business Dissatisfied

Agents of the National Life, U. S. A. reinsured by the Hercules Life, are not taking kindly to the proposal of the new Sears, Roebuck company to accept an agency contract calling for 25 percent graded first year commission and to write exclusively for the Hercules or lose renewals.

In the last two weeks upwards of 30

leading general agents of the National Life, U. S. A., have been invited to Chicago by the Hercules to hear the proposed terms. It is said that agents who refused to sign the Hercules contract represent approximately 80 percent of the business.

Only a few have signified willingness to sign on any terms in order to ascertain what part of their business they can salvage. These few agents, it is said, may represent as much as the 20 percent remainder of the business.

Hercules officials so far, it is learned, have met only passive resistance, but the agents, arriving in Chicago in small groups, have conferred with each other, have banded together at least informally in their common interest and hint court action if the Hercules insists on the low commission contract or none.

Hercules officials this week were immersed in details of the agency contract. There was intimation that the terms might be modified to place it more in line with accepted practices.

The agents, however, reported that they were met with a plain statement of the terms that would be granted; that there seemed little disposition to "sell" them on the new contract. They said the Hercules' management agreed to pay their expenses on the Chicago trip. The agents said they were left with

the definite impression that the Hercules was not concerned whether they signed or refused to sign the contract.

General provisions of the proposal were given in THE NATIONAL UNDERWRITER last week. According to agents this week, the Hercules management appears to expect from the agents a high conservation ratio on National Life, U. S. A., business, approximating 90 percent; also to require \$100,000 annual production of Hercules new life insurance, otherwise all renewals on the National Life, U. S. A., business would be lost by the agent. The Hercules, it is said, will require an all cash business. No provision for financing is contemplated.

The agents said that if they should place any business with other companies they would lose renewals on their National Life, U. S. A., business. Most companies in theory require exclusive representation but permit considerable latitude. The fear of the Hercules management is that National Life, U. S. A., agents will sign the new contract to preserve their old business and place new business elsewhere unless there is a sharp restriction on this practice.

However, the agents of the reinsured company have gone without income since Oct. 17, 1933; many of them are in straits, and they feel that they would

be ruined by the low proposed first year commission.

A spokesman for the informal agents' organization stated this week that they shrink from court action. This would bring affairs again into the limelight, there would be delay, public confidence would be shaken and more business would be lapsed. However, the spokesman said, unless the Hercules management becomes more lenient in terms, agents will go to court. It was said such action appeared very near.

It was explained that the cost of any experimenting by Sears, Roebuck in the life insurance field would be borne largely by the National Life, U. S. A., policyholders, whose funds will be segregated in a "National Life fund." If many agents refuse to accept the commission terms, it is felt, conservation of much of the better business will be doubtful. It was said frankly in such event many agents might take elsewhere as much of their old business as possible.

Not Risking Own Funds

With loss of better risks, mortality in the segregated group would become higher. It probably would be necessary to sacrifice some assets of the group to meet mortality costs. The Hercules Life, it was said, does not propose to place any of its funds at disposal of National Life, U. S. A., policyholders.

The agents feel that, if necessary to employ this course, they have a strong case to present in asking for reconsideration of the order by Superior Judge Lindsay of Chicago awarding the National Life, U. S. A., to the Hercules.

It was reported this week that one of the bidders for the failed company is preparing a petition which may soon be filed, alleging that the signed reinsurance contract does not agree in terms with the original bid, and asking for reopening of the case. The petition, it is said, will aver that attorneys for other bidders were not given sufficient notice of proposed signing of the contract, nor did they receive copies of the contract until after it was signed.

Renewal Saving Substantial

If the agents generally refuse to sign the proposed agency contract, it is estimated the Hercules will save from \$200,000 to \$300,000 a year in renewal commission alone. Premium income of the National Life, U. S. A., is said to have been approximately \$6,000,000 last year. Even if a third of the business were lost the renewal commission saving would be \$200,000. A saving of nearly \$100,000 a year in home office rental will result from moving the home office to quarters of the Allstate companies of the Sears, Roebuck group. A saving of approximately \$200,000 a year in salaries of three major National Life, U. S. A., officials is assured under the new management. The total in these items would be \$500,000 a year saving, to which might be added several hundred thousand dollars through further economies.

Thus, it is pointed out, the Hercules could operate satisfactorily without agents for a long time. The National Life, U. S. A., agents say that such a suggestion has been evident in their conferences with Hercules officials.

Carl L. Odell, vice-president and general manager Hercules, has been working night and day on plans. Details of telephone calls and mail have been shunted to others in the staff. On reliable authority it is learned that the Hercules for a year or so will invest solely in government securities. This policy will have a three-fold purpose. It will relieve Hercules officials from investment problems, freeing them to concentrate on developing the Hercules' agency and/or mail order business. It will checkmate any possible criticism based on the claim that the officials are not skilled in making life company investments. It is said that Hercules officials feel that yield on assets is a subordinate factor at this time.

LUMBERMENS MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

Home Office: Mutual Insurance Building, Chicago, U. S. A.

Statement at the close of business December 31, 1933, as reported to the Department of Insurance, State of Illinois

Bonds on amortized basis. Stocks at actual market value. Reserve for contingencies is more than three times the amount necessary to adjust bonds to December 31, 1933, actual market value.

ASSETS

U. S. Government bonds.....	\$ 5,016,753.14
State, province, county and municipal bonds.....	4,311,338.46
Other bonds and stocks.....	1,761,643.61
First mortgage loans on real estate.....	2,092,727.06
Real estate.....	251,500.00
Cash in banks and on interest.....	1,443,852.08
Premiums in transmission.....	2,010,408.42
Due on account of reinsurance.....	168,089.80
Accrued interest.....	166,514.71

Total assets.....\$17,222,827.28

LIABILITIES

Reserve for losses.....	\$ 8,343,714.79
Reserve for reinsurance.....	5,152,569.00
Reserve for taxes and expenses.....	590,877.39
Reserve for contingencies.....	750,000.00

Total liabilities and reserves.....\$14,837,161.18

Net surplus.....2,385,666.10

Total.....\$17,222,827.28

Paid for Losses and Returned to Policyholders in Cash Dividends Since Organization Over Sixty Million Dollars

AUTOMOBILE, COMPENSATION AND GENERAL CASUALTY INSURANCE UNDER DIVIDEND-PAYING POLICIES

Hear Objections To Peoria Mutual

Judge Niehaus Denies Motions
for Change or Venue Charg-
ing Prejudice

SLAMS DIRECTOR PALMER

Actuary Hoffner States Reinsurance
Contract in Present Shape Would Be
Disapproved by Department

PEORIA, ILL., March 1.—A hearing on objections to the proposed contract of the Peoria Mutual Life for reinsuring the insolvent Peoria Life has been started before Master in Chancery Stone after Circuit Judge Niehaus denied two motions for a change of venue.

Insurance Director Palmer filed the first petition, alleging Judge Niehaus was prejudiced.

The other was filed for C. F. Lorch, a policyholder, Attorneys G. W. Hunt and Joe L. Johnson. It alleged Judge Niehaus was interested in the case and that the Peoria Mutual was represented by the court's personal attorney in mandamus proceedings pending in the supreme court to compel the court to expunge an order appointing G. A. Shurtleff co-receiver for the Peoria Life.

"The court fully understands the purpose that is back of these petitions for change of venue," Judge Niehaus stated.

"This purpose is pretty clearly revealed by the previous conduct of Mr.

Palmer in this case which has come to notice of the court and I am not surprised therefore that he thought he had occasion to resort to the tactics that are usually only employed by criminal lawyers in desperate criminal cases.

"As far as the other petition is concerned, the court desires to say that among the facts alleged is that Shelton McGrath is the personal attorney of the court. The court desires to say that Mr. McGrath is not and never has been the personal attorney of the court in any matter whatever. Mr. McGrath, it is true, appears as attorney for the court in the mandamus case but Mr. McGrath as well as the other attorneys who appear in that case for the court volunteered their services to the court and are in the case in the capacity of friends of the court and they are serving without any compensation or reward.

Appointment of Receivers

"I believe Mr. Palmer or, at least, the court is informed that after the appointment of the receivers by the court, he slipped into the clerk's office and filed some papers purporting to appoint one of the receivers that has been appointed by the court a receiver for him. Now, if that is the fact, the court has never seen that paper and the paper was filed behind the back of the court in the same manner. Mr. Palmer has been doing that since he has been connected with the case. That in any legal sense could never be regarded as a valid appointment for any purpose.

"While it is true, Mr. Palmer, under the liquidation act under which this cause was brought, is given power to appoint receivers for administrative purposes, that act does not give him power to appoint receivers in cases brought for liquidation of insolvent corporations and the legislature would not have had any power to give him the right to do that and especially would he not have the power to appoint a receiver for the court which I understand he claims to

(CONTINUED ON PAGE 14)

General Agents Enter Agreement in Pittsburgh

The Agencies Committee of Pittsburgh has adopted three rules with the effort to protect the agent that will give his full time to business and to eliminate as far as possible the unqualified and the unfit from selling life insurance. The good will committee of the Agencies Committee, of which R. N. Waddell of the Fidelity Mutual Life is chairman, presented its report and it was ratified by a large number of the general agents of Pittsburgh.

The agreement is as follows:

(1) That an agent who has been in the life insurance business and has quit to go into some other line of endeavor should not be allowed to work on a part time basis and his contract be cancelled. That if an agent has been in the life insurance business three years or longer, his case can have special consideration

by the general agent or manager, if the latter so desires.

(2) That part time agents be kept to a minimum. That in the future no part time agents be taken on in Allegheny county, and if so, only for a period of six months, after which time he must become a full time agent or leave the business. (The consensus of opinion of the general agents and managers is that the commissions due the part time agent under the above plan should be held under an agreement with the agent for the six months period, at the end of which time this money be given to him, either as a help to go into the business full time, or to end his contract.)

(3) That we again check over our agents and eliminate those whom we believe unqualified for the business. The standard of qualification to be used is your own personal one. Last year at this time we eliminated over 1,000 agents by following this practice.

Canadian Racketeers Get Big Sum on Assignments

Poor and ignorant policyholders in Canada have been victimized by means of a new racket aimed at cash values. The Ontario insurance department has investigated and action under criminal or civil laws is expected to be taken. It is said the crooks appear to have secured several hundred thousand dollars.

The essence of the scheme has been to secure full assignment of the values, paying the policyholder in cash 40 percent or so. The policy then is surrendered by the assignee for 100 cents on the dollar.

The racketeers began operations in Hamilton, Ont., last October, their activities spreading to Toronto, London and Windsor. Through syndicates and firms of attorneys they inserted classified advertisements in newspapers, appealing to poor people in urgent need of funds.

Many replies were received, there being a large proportion from the foreign element. A representative then called, offering to buy the policies for cash. A release was signed, usually in the form of a full assignment. In many cases these were on forms furnished unwittingly by the companies.

One large company finds it paid full surrender value on 723 policies which it believes were surrendered by the racketeers.

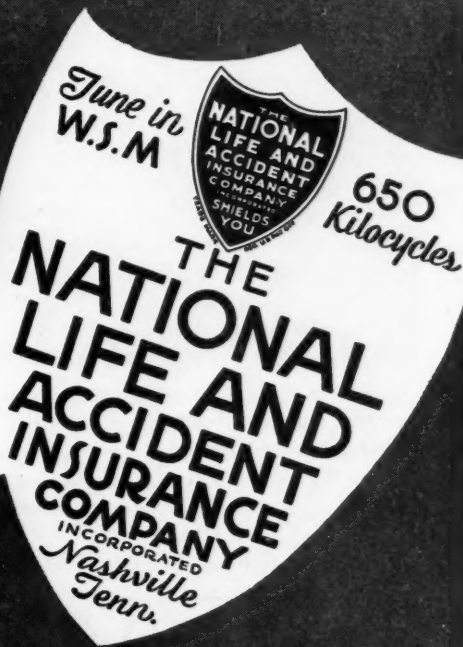
Total Life Insurance

IN FORCE - - \$340,391,309.00

(December 31, 1933)

INCREASE, 1933, \$32,135,459.00.

Life Insurance in Force



Ability Scale Is To Be Measured

New York Life Underwriters Association Sends Out Interesting Questionnaire

WILL ANALYZE REPLIES

Strength or Weakness of Several Particular Traits Is to Be Carefully Scrutinized

NEW YORK, March 1.—The New York City Life Underwriters Association is sending out to its members a detailed questionnaire, the returns on which it is hoped will aid greatly in analyzing men's life insurance ability. The questionnaire is modeled on the "Strong Vocational Interest Blank," familiar to psychologists, but is adapted more specifically to reveal aptitude for selling life insurance. Identification of those answering will be impossible, as no names will be signed, but those desiring to identify their rating when these are published will be able to do so by selecting their own key numbers and watching for these in the published lists.

Twelve Types of Questions

There are 12 types of questions, each type designed to bring out the answerer's strength or weakness in a particular trait considered to be important in an agent's makeup. These questions are not in any particular order, however. Some of the questions are obviously di-

rectly connected with the business, among them being: "Do you like to do salesmanship work?" "How many sales talks can you give in an organized manner?" "Do you plunge directly into life insurance when granted an interview?" With others, the connection is not so apparent. Among these are: "Do you like to be considered an expert?" "Do you like to read fiction?" "Do you like to play with children?" "Do you like to make others laugh?"

Production Record Is Sought

The answerer is also asked to indicate his production for the previous six years, also the number of years he has been in the business, his previous line of work, his education, his age, how many times he has changed his agency and/or company connection in the past five years.

Through the answers to the questionnaire it is believed that it will be possible to get clearer patterns of the successful, mediocre, and poor agent than has been possible before. It was prepared by Frank J. Mulligan, president of the association; E. M. Derby, executive manager; and L. N. Whitelaw, field instructor of the Prudential.

Company officials, general agents and managers who have seen advance copies of the questionnaire have shown great interest in the possibilities. It is desired that the maximum number send in replies, in order to get a reliable cross-section.

Colonization Corporation Elects

WINNIPEG, CAN., March 1.—At the annual meeting of the Colonization Finance Corporation of Canada, L. L. Lang, first vice-president Mutual Life of Canada, was reelected president; J. F. Weston, managing director Imperial Life, and A. E. Love, Winnipeg, were reelected vice-president and secretary-treasurer respectively. Executive committeemen include S. E. Cork, Confederation Life; A. E. Pequegnat, Mutual Life; W. Hastie, Canada Life.

Better Results on Preferred Stocks

Quotations Improve on Some to or Above Prices Paid by Companies.

MANY ISSUES ARE SOUND

Utilities Not Responding Well, But Some Industrials Are Found at Par or Better

NEW YORK, March 1.—Quotations on preferred stocks held by life companies have improved to a point where some are already above their purchase prices and many are within five points of their cost.

As an example of the extent to which security markets have come up, one prominent company finds that its industrial preferred stocks now show quotations of par or better for about 60 percent of its holdings of this class of securities, while nearly 30 percent are between 90 and 100. In the latter group are some 5 percent issues, which could not be expected to sell much higher in any event.

Issues Remain Steady

Even on days of stock market weakness, issues of this type have been held steady or advanced. The supply is limited, so that the demand very quickly makes itself felt in advancing prices.

Although the life companies in New

York State were not empowered to make investments of this character until 1928, when prices were at high levels, nevertheless the soundness of the stocks purchased was sufficient to permit of the improvement noted above.

So far, the utility preferred stocks have not responded so well, but as the industrial issues are pushed out of reach, some of the demand may spill over into the utilities, particularly if there is a decline in the present wave of agitation for the building of municipal power plants and other types of radical measures which would tend to cripple the private operators.

Southern Ad Conference April 9-10

Dates for the southern round table of the Life Advertisers Association have been changed to April 9-10, at Sedgefield Inn, Sedgefield-Greensboro, N. C., with a conservation conference set for April 11 under auspices of the Sales Research Bureau.

An interesting and helpful program is planned by Chairman C. C. Fleming, Life of Virginia. A variety of entertainment features is being arranged by Karl Ljung, Jr., Jefferson Standard, and Bart Leiper, Pilot Life. T. J. Hammer, Protective Life, has been asked to serve as chairman of the exhibits committee. Plans for the conservation conference are in charge of K. R. Miller, Sales Research Bureau.

Asks Newspapers' Cooperation

PIERRE, S. D., March 1.—Tom Scanlan, deputy insurance commissioner, has sent out a circular letter to South Dakota newspapers requesting their cooperation in regard to publication of advertising for the "mail order" insurance companies which are securing business in this state. While stating in the letter that the insurance department has no control over newspaper advertising he said, many subscribers responding to the advertising are having trouble to secure payment of losses.

FINANCIAL CONDITION OF

OCCIDENTAL LIFE INSURANCE COMPANY

LOS ANGELES, CALIFORNIA

JANUARY 1, 1934

ADMITTED ASSETS

Government, Municipal and Corporation Bonds....	\$ 5,053,690.44
Mortgage Loans on Real Estate, First Liens.....	4,116,265.15
Loans to Policyholders, Upon Security of Company's Policies	5,282,460.54
Balance Due on Properties Sold Under Contract..	3,477,987.35
Western Mutual Fund.....	2,224,537.83
Corporate Stocks	1,650,811.40
Cash in Office and Banks.....	317,132.77
Net Life Premiums Deferred and in Course of Collection	793,459.77
Interest Due and Accrued.....	495,605.38
Other Admitted Assets.....	27,866.90

Total Admitted Assets.....\$23,439,817.53

LIABILITIES

Reserves on Life Policies Required by Law	\$18,335,171.47
Reserves on Accident Policies Required by Law.....	59,029.15
Western Mutual Fund.....	1,823,014.88
Life Premiums and Interest Paid in Advance	415,197.79
Reserves for Federal, State and Other Taxes Hereafter Payable	55,216.87
All other Liabilities.....	64,855.68
Contingency Reserve for Investment Fluctuations	347,273.74
TOTAL LIABILITIES	\$21,099,759.58
Capital Stock (Fully Paid).....	1,000,000.00
Surplus Assigned	577,771.72
Surplus Unassigned	762,286.23
Surplus as Regards Policyholders.....	2,340,057.75

\$23,439,817.53

Twenty-Five Years of Progress in Five-Year Periods

End of Each Fifth Year	Admitted Assets	Premium Income Life Dept.	Premium Income Accident Dept.	Total Income Premiums and Investment	Life Insurance For Year	Life Insurance in Force
1908 - - - - -	\$ 361,973.09	\$ 116,948.57	\$ 44,344.50	\$ 178,441.98	\$ 2,098,901.20	\$ 2,997,391.20
1913 - - - - -	897,192.51	302,277.14	174,605.62	526,065.43	3,157,238.58	8,738,603.36
1918 - - - - -	2,112,996.92	672,946.95	235,275.37	1,019,809.75	5,909,426.23	20,825,256.37
1923 - - - - -	5,204,051.52	1,501,259.03	227,838.61	2,018,844.91	12,797,992.53	48,664,246.00
1928 - - - - -	19,091,586.87	4,121,482.36	253,912.60	5,940,729.27	25,236,758.62	137,694,833.09
1933 - - - - -	23,439,817.53	4,584,022.40	209,642.57	6,328,098.57	48,105,486.42	172,168,658.86

JAMES A. FULTON
President

Statements of Life Companies

The 89th statement of the Mutual Benefit Life shows assets of \$569,522,875 and contingency and special reserves or surplus \$29,551,548. With a decrease in assets of \$19,349,262 there was a decrease in policy and general reserve liabilities of \$23,095,342, and a resulting increase of \$3,746,080 in the contingency and special reserves. Holdings of cash and United States bonds have increased from \$8,491,581 to \$17,246,179. During the year the premiums were \$66,001,361, and there was paid policyholders \$98,272,494. The amount paid to policyholders was the largest in any year in the company's history.

Commenting on the company's business, John R. Hardin, president, said: "It is interesting to note that during the four years of depression through which the country has passed, there has been received from policyholders the sum of \$296,267,200, and there has been paid to policyholders and their beneficiaries \$340,342,217. During the same period the assets have increased by \$22,246,034, and there has been an increase in the surplus funds of \$7,164,240." Insurance issued in 1933 amounted to \$191,894,038 or \$53,125,041 more than in 1932. Total insurance in force at the end of the year was \$2,165,831,398 as against \$2,334,602,527 at the beginning of the year.

NATIONAL LIFE & ACCIDENT

The National Life & Accident of Nashville made a notable gain of insurance in force last year, it being \$32,135,459. Its total insurance in force is now \$340,391,309. The National Life & Accident prides itself on its diversification of its portfolio, its bonds being \$14,748,186, principally federal, state, county and municipal. Its mortgages are \$12,476,067 based on 50 percent or less of the property value. It has \$1,-

027,333 cash, \$3,191,084 real estate. Policy loans are \$2,136,958. Its capital and surplus amount to \$6,453,136.

STANDARD LIFE OF JACKSON

Executive Vice-president Thomas E. Hand of the Standard Life of Jackson, Miss., in making his annual report shows that the business in force is now \$7,585,912, which is a gain over the year before. There was an increase in premium income of 1½ percent. The assets are \$938,846, capital \$525,000 and net surplus \$158,445. The company writes both ordinary and industrial. John G. Hand is manager of the industrial department, which was established at the beginning of 1932. It has been put on a self sustaining basis and showed a profit on all offices established last year.

GIRARD LIFE

The report of the Girard Life of Philadelphia, shows assets \$7,031,825, including real estate mortgages \$3,128,788, policy loans \$1,920,809, amortizable bonds \$865,419, real estate \$598,177 and cash \$98,659.

The capital is \$650,000 and net surplus \$718,418.

Last year there was paid to policyholders and beneficiaries \$834,093. Loans to policyholders were \$210,462, which was \$104,157 less than the loans made in 1932. The net rate of interest earned on entire invested assets was 4.46 percent.

At the end of the year interest totaling about \$12,000 on 44 mortgages was past due more than 30 days. Interest past due at the end of the year, exclusive of mortgages being foreclosed, was \$22,963 or about 13.7 percent of the interest falling due during the year. President Short states the Girard Life is treating its mortgagors considerably,

extending the time for interest payments for short periods, whenever the circumstances justify.

During the year the Girard Life acquired by foreclosure and/or by deed 35 parcels of real estate, the amount of the mortgages thereon being \$266,250. Total charged off of the book value of real estate in 1933 was \$50,421. The properties are now 85 percent rented. During the year four pieces of real estate were sold for a total amount of \$48,150 at a loss of \$150.

New paid for insurance was \$2,091,731 and the amount in force was \$31,879,036. The number of policies in force was 11,199 and the average amount \$2,846. The mortality ratio was 35.9 percent as compared with 57.6 percent in 1932.

PILOT LIFE

President Emory C. Green of the Pilot Life, in analyzing the annual statement, shows the company experienced an increase of \$128,256 in business in force; an increase in admitted assets, an increase of \$17,972 in special reserve and surplus funds, and an increase of \$585,229 in ordinary business and \$2,973,117 in industrial business.

Policy loans showed a decrease of \$183,933. Assets amount to \$13,634,656, including policy loans \$4,534,759, mortgages \$4,152,361, bonds and stocks and collateral loans \$1,549,867 and cash \$501,407.

Policy reserves amount to \$11,834,043; depreciation reserve \$200,817, and capital, surplus and contingency reserve \$1,216,506. Total income was \$3,279,794, payments to policyholders \$2,231,834 and insurance in force \$97,034,274.

SECURITY LIFE & TRUST

Vice-President and Agency Manager T. D. Blair of the Security Life & Trust of Winston-Salem, N. C., in his annual report showed that the new business last year increased 21 percent. There was an increase of 48 percent in agency

personnel. W. G. Southern, manager of the building and loan department, in his report showed over \$1,000,000 in new business coming through that medium since it was established Sept. 1 last. Vice-President E. L. Davis in his report showed the assets to be \$3,500,000, an increase of 25 percent since 1929.

Lincoln National on Rewriting Business That Terminated

The Lincoln National Life announces that no first year commissions will be allowed on new insurance if the applicant has terminated his policy with the company either by surrender or lapse, within six months prior to application for the new one, provided the new policy is settled for on the annual basis. If the old policy terminated less than six months prior to the application for the new, commission on the new one will be adjusted in accordance with the replacement rules of the company. The company says:

"The agent should not overlook that in many cases of lapse, either reinstatement on the regular or the redating plan will be possible and to the insured's interest; also that in the case of surrendered policies, the financial condition of the insured may have improved to such an extent that he can reinstate and thereby revive the advantages of the old policy with a premium at a younger age."

Montreal Managers Elect

MONTREAL, March 1.—At the annual meeting of the Life Insurance Managers Association of Montreal, C. E. Young, Canada Life, was elected president. Other officers are: P. Girard, Great West Life, vice-president; H. L. Webster, North American Life, secretary-treasurer; D. L. Young, Canada Life, and F. W. Benn, Confederation Life, directors.

RELiance LIFE INSURANCE COMPANY OF PITTSBURGH

FINANCIAL STATEMENT DECEMBER 31, 1933

Statement of Financial Condition

ASSETS	
Investment Bonds*	\$48,522,479.04
Preferred Stock	98,000.00
Real Estate Mortgages	4,231,626.74
Real Estate	541,312.43
Cash in Banks and Offices	1,494,813.44
Policy Loans	18,809,125.07
Premium Lien Notes	4,144,073.09
Accrued Interest	873,945.63
Outstanding Premiums	1,795,432.39
	\$80,510,807.83

LIABILITIES, CAPITAL AND SURPLUS

Reserves:—Life, Accident and Health	\$70,625,536.66
Dividends to Policyholders at Interest	1,736,682.74
Apportioned for Future Dividends to Policyholders	819,032.34
Claims Awaiting Completion of Proof, Premiums Paid in Advance and Commissions Due Agents	559,917.47
Accounts Payable and Unearned Interest	421,460.78
Amount Reserved for Taxes	342,000.00
Capital Stock	1,000,000.00
Surplus	3,592,177.84
Contingency Reserve	1,414,000.00
	\$80,510,807.83

*Bonds valued on Amortized basis.

Statement of Income and Expenditures

INCOME	
Premiums	\$14,358,558.77
Interest on Bonds	2,351,300.90
Interest on Mortgages	223,644.62
Interest on Policy Loans and Other Interest Items	1,161,963.67
Income from Real Estate and Other Items	29,018.26
	\$18,124,486.22

EXPENDITURES

Death Claims, Cash Surrender Values and Dividends to Policyholders	\$11,981,203.74
Commissions, Agency Expenses, Taxes, Licenses, Traveling Expenses, Medical and Inspection Fees, Expenses of Conducting Accident and Health Department and Other Disbursements	2,638,138.88
Salaries, Rents, Advertising, Printing, Postage, Legal Expenses and Miscellaneous	728,964.51
Total Expenditures	\$15,348,307.13
Excess Income Over Expenditures	2,776,179.09
	\$18,124,486.22

INCREASE IN ASSETS.....\$2,659,639.31

SECURITY SEALS EVERY RELIANCE POLICY

Future Emphasis on Human Factors

(CONTINUED FROM PAGE 1)

the country will not come out as it went in in 1929.

On the investment side Mr. Cleary sees mortgages as a decreasing factor. His company has had a fine record on real estate mortgages over many years. He is convinced the desirability of this field is greatly minimized, if not completely eliminated through entrance of the government. He said there is every reason to believe the government will remain in the farm mortgage field and it is highly probable will enter in a large way into the city mortgage field as well.

Life companies already have arrived at or are approaching the point where mortgage investment opportunities are limited to loans on business properties in city areas.

He said his company has given no particular consideration to railroad securities. Where these are well selected underlying bonds, they have demonstrated their availability as investments for insurance companies.

Mr. Cleary expressed concern about the utilities, not because of any subsequent investments in this field, but the present holdings. Telephone securities are sound, but conditions do not justify putting much money in electric light and power securities because of the threat that government money will be used to enter this field, thus endangering the value of existing properties.

Buy Some Municipal Bonds

In spite of the municipal moratorium bill in Congress, the Northwestern Mutual is buying municipal bonds, but companies cannot buy these as in the past. Not every issue is a safe buy. The Northwestern Mutual makes exhaustive investigation of history, status and possibilities of each section, tax-paying records and all other factors. Mr. Cleary said he could not conceive of men thinking municipalities would want to have the bankruptcy courts open to them to default and repudiate their obligations. He said there is no necessity for many cities to go into the bankruptcy court. He still has confidence the American people will not repudiate their municipal obligations.

The Northwestern Mutual is strongly emphasizing government securities in the portfolio. It is felt wise to buy United States bonds containing the old gold clauses. These have a value not found in the plain dollar bonds of more recent issue.

Companies Quitting Disability Income

(CONTINUED FROM PAGE 1)

bility income feature to have had considerable value in conserving policies in force. In the good old days some companies wrote clauses paying as much as \$20 per \$1,000 per month. Even the much restricted clause, it is felt by a few company officials, would have a definite effect in causing the policyholder to make every effort to continue premium payments.

It is widely admitted that the rates for the newer restricted disability income so far have proved adequate. That is not a factor in discontinuance of the benefit.

Hughes Agency Organizer

Nat C. Hughes has been appointed agency organizer for the New York Life in charge of eastern Tennessee with headquarters at Knoxville. He was formerly connected with the Nashville branch under Agency Director W. G. Colmeyer who has supervision over the Nashville and Knoxville offices.

Chicago Association Will Have New Quarters April 1

MOVES INTO SHERMAN HOTEL

Gets Office There Free of Rental—General Agents and Managers Division Meets

Preparations are being made to move the headquarters of the Chicago Association of Life Underwriters on April 1 to quarters in the Sherman hotel. This is one step in a program to balance the budget. Managing Director Walt Tower volunteered to take a reduction in compensation, as did his secretary, Miss Joy Luidens. The hotel has offered the quarters free with the understanding that a majority of the association meetings will be held there as in the past.

The general agents' and managers' division met Tuesday, Chairman E. B. Dudley, Travelers, presiding. Mr. Dudley touched on the broadcasting activities of two Chicago men who have been upsetting public confidence in life insurance. The code of ethics adopted a month ago, Mr. Dudley said, has created a furore throughout the country, several associations having followed the lead and adopted similar resolutions.

N. H. Seefurth of the Seefurth Service discussed the problem of classifying agents and getting them into production. He said the fundamental problem is one of promoting self-development in men. He offered a suggestion that new men be required to write out their autobiographies, giving names of all people they have contacted, etc., thus serving as a background and showing the general agent how the agent's mind works. Fundamental good habits of all successful life insurance men are: Meeting people, finding out information about them and thinking in terms of life insurance; constant study and the acquisition of new ideas; time control and record keeping.

Mr. Seefurth said if agents who are on the fence are worth anything at all, they are worth much of the general agent's or manager's time. He is opposed to grouping all agents in one agency meeting and training them all the same. Generalization, he said, is no good unless the man has the proper habits.

Frederick Bruchholz, New York Life, chairman finance committee, and Harry Anderson of the Rockwood Company, chairman Financial Independence week, reported. J. Franklin Ream, assistant superintendent of agencies, Mutual Benefit, was a guest.

Union Life of Arkansas Buys Guaranty of Memphis

LITTLE ROCK, ARK., March 1.—The Union Life has announced purchase of all policy contracts of the Guaranty Life of Memphis.

"In the purchase of this business," Elmo Walker, secretary, said, "we have taken the initial steps in our 1934 plans by which we hope to make the Union Life one of the outstanding life companies in the south." A general sales meeting of all agents of the Guaranty life was held in Little Rock, Feb. 26-27, when they were welcomed into the Union Life organization.

Spain Back in Field

The Guardian Life has appointed Dudley Spain manager of an agency at Columbus, Ga. His appointment marks Mr. Spain's return to the field of agency management after three years of retirement. He was first appointed manager at Columbus by Guardian in 1921. After ten years of successful experience in this capacity, he resigned as manager.

Financial Independence through Life Insurance" is the heading of the Metropolitan's advertisement in the March issue of seven national magazines.*

The theme is of interest not only to Metropolitan Field-Men but also to the representatives of other Life Insurance companies who are trying to make people understand and appreciate what the institution of Life Insurance has for them.

Specifically, this advertisement stresses the importance of laying out a well-planned Program of Life Insurance. Read it!

*Business Week, Collier's, Cosmopolitan, Forbes, Nation's Business, Saturday Evening Post, Time.



METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

ONE MADISON AVE., NEW YORK, N. Y.

Morale of Kansas Agents Is Found Greatly Improved

HOBBS' CONFERENCE HELPFUL

Remarks of E. A. Watkins, Leading Individualist of Wichita, in Competitive Practices, Had Good Effect

Morale of life insurance agents in Kansas appears to have been greatly improved as a result of the unusual conference called by Commissioner Hobbs in Wichita recently for the discussion of competitive practices in the field.

Much inspiration was gained from the talk made to that conference by E. A. Watkins, past president of the Wichita chamber of commerce, president of a national manufacturing concern and local administrator of the NRA.

Cut Throat Competition

Fighting to maintain sales volume, Mr. Watkins pointed out, in a weakened consumer market resulted in cut throat competition, not only between individual companies in an industry, but between whole industries, including banks and life insurance companies. Although life insurance has been free from price cutting competition, he said it has been afflicted with competition of those who attempt to capitalize on the fear that gripped the public during the depression.

Assumed weaknesses in a competitive company were pointed out, thus sowing seeds of fear. The prospect is invited to doubt the security of his own company. He asked how many agents are clothed with facts concerning the assets of a company to justify them in offering personal opinions as to the insecurity of that company. The assets of a life company run into billions and their investments are diversified. Banks with their securities largely localized and being smaller institutions are simple to examine compared with life companies.

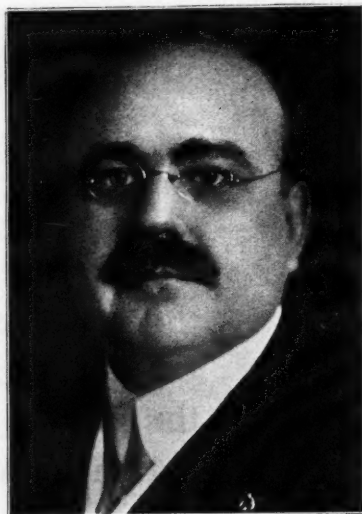
Stick to Statement

Any comment as to the company's worth other than that contained in the printed statement furnished by its managers and auditors, is gossip, according to Mr. Watkins, and gossip travels fast. Finally, like a two edged sword, it cuts both ways. A agent should not attempt to judge the asset value in the statement or attempt to explain it to the prospect. If a prospect brings up the subject of security, Mr. Watkins advised the agents to point out the strong points of their own company rather than assume weak points in a competitor.

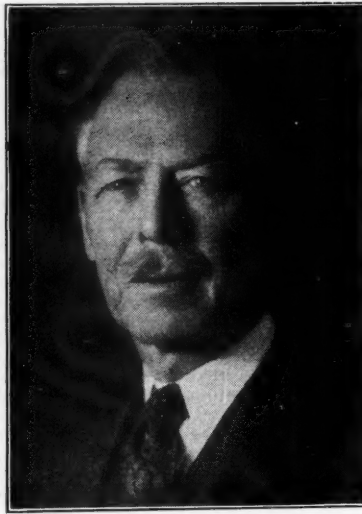
A failure, he said, lessens the attractiveness of investment in any life insurance company. It is not enough, he said, to have some life insurance companies strong and others weak. The weak must be strengthened or removed entirely from the field.

For the larger companies to align themselves against the smaller and to claim the companies with smaller assets cannot offer sound and profitable in-

Executive Changes Announced



RUPERT F. FRY



JOHN E. REILLY

Rupert F. Fry, former president of the Old Line Life of Milwaukee, has become chairman of the board, and John E. Reilly, former secretary and treasurer, is the new president.

Term Contract in Emergency

President H. S. Wilson of the Bankers Life of Nebraska at a recent agency convention commented on the new business last year. He referred to the 20-year term contract as follows:

"I desire to mention one phase of our last year's sales. At the beginning of 1933 after several months of study and contract building we brought out the 20 year term contract. It was added to our line of policies with the sole thought in mind that some such form of contract was needed because of the economic conditions which you men faced. That it suited its purpose and that you took advantage of it is best indicated by the fact that 45.6 percent of the new business issued last year was upon this form of policy. I feel certain that you have had enough experience with it to know, as we realized when we put it on the market, that it is not a contract on which you can specialize, or on which you can write a substantial portion of your business and still be able to eat three meals a day. It is not a form

on which we desire to have a sizable portion of business. It was brought out as a purely emergency contract, and as such it seems to have served its purpose to good advantage. It has been our intention from the start to place further restrictions on its sale when economic conditions had improved to a point that we felt we would be justified in doing so. I believe that you men yourselves will gradually work away from selling the term contract as folks' incomes increase, and you can successfully secure a volume of business upon the higher premium forms. If you have not given this matter consideration, we urge that you do so and gradually concentrate more and more of your sales upon the higher premium policies. If you do, your income will be increased, and you will be in far better position when the time comes that we feel the recovery is far enough along to justify us in placing further restrictions upon the sale of the term contract."

insurance, is unfair competition, he said. The principle of such comparison is wrong and the companies making such comparison are damaging themselves. Also comparisons based on geographical location constitute unfair competition as well as for stock and mutual companies to align themselves against each other. In selling, the agent should not solicit

on the ground that other companies will fail, but that his own company is better.

Mr. Watkins dwelt on the question of twisting. He said that although no definite ruling has been made, it is probable that twisting of insurance and other forms of misrepresentation in connection with life insurance will be ruled as coming under the federal securities act.

Fry Named Chairman, Reilly President of Old Line Life

MILWAUKEE COMPANY SHIFT

Former President Is Confined in Hospital—New Head Was Formerly Secretary and Treasurer

MILWAUKEE, March 1.—John E. Reilly, formerly secretary-treasurer of the Old Line Life of America, has been elected president of the company, following the request of Rupert F. Fry, president since the company was founded in 1910, to be relieved of his duties as president because of ill health. The board of directors has created the office of chairman of the board, to which Mr. Fry was elected, and he will continue with the company in an advisory capacity. Mr. Fry has been confined in Columbia Hospital here for some time.

Mr. Reilly had served as secretary-treasurer also since the company was founded. He is a Milwaukeean, a member of the firm of Reilly, Penner & Benton, certified public accountants, and a member of the American Institute of Accountants.

F. X. Bodden and Adam J. Mayer continue as first and second vice-presidents, respectively. W. J. Moore, formerly assistant secretary, was named secretary, and M. F. Ryan, formerly assistant treasurer, was advanced to treasurer. N. B. Sturtevant continues as actuary; Lawrence A. Olwell, general counsel; W. T. McNaughton, medical director, and H. M. Hawkins, assistant medical director.

Ray H. Casper has been made assistant secretary, and Alfred E. Pahlow, assistant treasurer. Paul A. Parker will be in charge of the agency department as agency director, adding to his previous duties as agency director such work of superintendent of agencies formerly handled by Mr. Fry. F. R. Davenport continues as agency secretary, and H. A. Woodward consulting manager of the accident and health department.

Mr. Reilly was one of the founders of the Old Line Life. His business has been largely centered around accountancy, being a C. P. A. He retains his interest in the public accountancy firm of Reilly, Penner & Benton of Milwaukee. Before the Old Line Life was established Mr. Reilly was a part-time agent for the Northwestern Mutual Life. He was elected secretary of the Financial Section of the American Life Convention at the meeting in 1931.

Love Columbus Manager

Edd M. Love has been appointed manager for the Life of Virginia in Columbus. He will operate under the home office supervision of Vice-president J. S. Davenport, Jr.

FIGURES FROM LIFE COMPANIES' DECEMBER 31, 1933 STATEMENTS

	Total Assets	Inc. in Assets	Surplus	Sec. Fluc. Res.	New Bus. 1933	Ins. in Force Dec. 31, 1933	Change in Ins. In Force	Prem. Income 1933	Total Income 1933	Benefits Paid 1933	Total Disburse. 1933
American Citizens, O.	144,710	4,387	10,865	30,777	363,281	926,183	124,231	20,670	30,549	7,571	25,541
Bankers National, N. J.	2,531,781	294,129	260,939	64,672	24,040,130	60,189,930	1,858,697	1,395,050	1,586,604	680,028	*1,396,081
Brooklyn National	1,369,771	82,767	244,632	.....	3,052,561	18,357,673	-1,891,120	392,172	453,443	164,477	343,079
Buffalo Mutual	1,656,495	248,942	185,988	25,000	2,715,555	20,210,867	-1,963,735	826,002	953,717	553,040	815,940
Equitable, D. C.	9,928,058	251,137	779,286	279,286	19,562,141	63,715,340	3,358,174	2,046,816	2,557,513	1,206,468	2,682,667
Federal Life, Ill.	14,574,250	67,768	427,799	400,000	8,274,966	95,520,430	-16,622,569	14,071,138	14,826,545	13,203,899	13,203,899
Globe Life, Ill.	3,486,412	37,102	280,110	.....	4,800,770	26,506,687	-2,603,165	600,354	747,198	402,890	402,890
Great Northwest, Wash.	335,203	48,831	.....	.....	2,886,281	6,397,417	1,356,501	138,860	199,214	29,276	137,113
Metropolitan	3,860,761,191	91,388,766	243,123,033	43,000,000	13,174,994,475	18,802,984,818	-177,758,390	669,778,420	b858,358,423	c562,544,800	d733,504,584
Mutual Benefit, N. J.	569,522,876	-19,349,261	\$25,051,548**	15,153,225	191,894,038	2,165,831,398	-168,771,129	65,404,746	100,065,280	98,272,494	117,331,681
Penn Mutual	530,453,764	15,865,490	19,481,382	.....	140,916,321	1,897,343,490	-111,603,822	79,277,224	114,501,615	72,456,649	97,091,020
Security Mutual, N. Y.	20,676,953	-607,457	580,251	.....	10,513,968	93,154,724	-8,851,460	3,004,618	4,311,913	2,995,843	5,021,250
Sun Life, Canada	623,850,586	14,227,599	5,853,461††	4,885,904e	216,567,442	2,754,799,994	-157,669,888	116,911,589	153,634,909	97,457,059	128,908,584
Union Reserve, Ariz.	160,697	.....	158,042	.....	.....	.....	.....	71,447	241,279	17,551	60,681
United Life, Kan.	764,286	83,632	95,746	.....	1,397,296	8,623,669	-751,588	196,382	264,611	42,055	165,569

*Total disbursements includes \$172,383 used to reduce book value of bonds in default, stocks and real estate to Dec. 31, 1933, market value.

†Includes A. & H. department.

aExcludes \$12,872,308 A. & H. b Excludes \$12,874,580 A. & H. cExcludes \$10,134,781 A. & H.

d Excludes \$16,623,185 A. & H. e Res. for depr. in real estate and mortgages.

††Issued, revived and increased but excluding increase on group policies.

**Contingency reserve.

***Includes reserve for real estate depreciation.

††Mortality fluctuation reserve \$6,750,748.

††Capital and balance of shareholders' Account, \$3,342,547.

President of American Institute of Actuaries



T. A. PHILLIPS

T. A. Phillips, president of the Minnesota Mutual Life, was elected president of the American Institute of Actuaries to complete the unexpired term of the late Franklin B. Mead, executive vice-president of the Lincoln National Life. The election took place at a special meeting of the board of governors of the institute in Chicago.

In addition to electing Mr. Phillips, the governors arranged the program for the annual meeting of the institute at the Edgewater Beach hotel in Chicago, June 7-8. Those at the special meeting were W. M. Johnson, vice-president Central Life of Illinois; J. A. Budinger, actuary Kansas City Life; W. F. Poorman, vice-president Central Life of Iowa; E. L. Marshall, vice-president Lafayette Life; A. W. Larsen, Yeomen Mutual Life; W. P. Coler, actuary American Central Life; James Fairlie, vice-president Abraham Lincoln Life, and Mr. Phillips.

Upward Trend of Sales Continues in February

Securing in the first half of February more business than was submitted in all February, 1933, agents of the Pilot Life took unusual interest in a best man match whereby each producer of the agency force was pitted against another producer. Using the terms of the prize ring to keep interest aroused, messages from the home office to the field were sent out in bulletin form as "flashes from the Pilot ringside." A feature of the event was the furnishing of the contestants with a supply of postal cards prepared for them to send to their opponents every day during the match. This card showed how they stood from day to day and inquired how the rival was progressing.

* * *

The George Washington Life reports a definite increase in its writings of new business, since the beginning of this year. In January paid business increased 64 percent and was the largest January in the history of the company. February will also show a marked increase in new insurance written.

* * *

The Embury agency of the Equitable of New York in Kansas City, Mo., celebrated the 51st birthday of Manager A. M. Embury and his 24th year with the company in a four weeks' campaign in which over 1,300 cases were produced for more than \$4,000,000. The best previous record was 840 applications in one month. The drive was directed by Dis-

trict Manager G. J. Woodward of Wichita and ended in a dinner-dance upon Mr. Embury's return from his vacation. Present were Second Vice-president A. G. Borden, T. H. Groves, former supervisor of the agency, now agency manager in Portland, Ore., W. M. Rothaermel, superintendent of agencies central department, Chicago, and Forrest Croxson, agency manager, Omaha. The Embury agency was in second place countrywide last year, was first in the central department in volume, new organization and number of cases, and first in number of club members in the central department. Mr. Embury was elected president of the central managers association of the Equitable.

Undecided on Mutualization

The Shenandoah Life has been considering mutualization for some time but has reached no definite decision. President E. L. Trinkle stated when questioned regarding a report that his company was planning to avail itself of the provisions of an act passed by the Virginia legislature for mutualization of stock life companies without having to organize a new company as the old law required.

Non-pecuniary Outfits Roaming Over the Land

MANY COMPLAINTS ARE MADE

Prosecutor of Essex County, New Jersey, Takes a Hand in Effort to Clean the Field

One of the developments of the depression era has been the growth of so-called mutual benefit or non-pecuniary insurance concerns that are raiding the country from one end to the other. They usually charge \$1 a month and pay a death benefit. In most states there are no laws regulating these outfits. Prosecutor Wachenfeld of Essex county, N. J., of which Newark is the county seat, has assumed a militant attitude against these concerns because he finds that many have failed to pay claims and have been guilty of numerous bad practices.

They are not under the jurisdiction of the New Jersey insurance department. Many of them have their headquarters in Newark or thereabouts. He has already put 18 of them out of business but they

are hydra-headed and when one is killed off two or three more spring up. Mr. Wachenfeld declares that these insurance benefit concerns, as he terms them, promised to pay death claims and disability benefits but dodged them when they arrived. They change their names in order to attract other gullible certificate holders. County detectives in Essex county have been investigating the conditions and declare in their report that they have not found a single instance where a claim has been paid in full. Many of them have not been paid at all.

They are organized largely to provide an income for the promoter. The policy provisions are conflicting and ambiguous. Many of these concerns establish headquarters in a state and do not write any business within the boundaries of that commonwealth but do a large mail order business. In some states insurance commissioners have issued a warning against these outfits naming the ones that were operating in their states without conforming with the laws.

W. M. Hammond, Los Angeles, general agent Aetna Life, reports February 50 percent ahead of January and February paid business gained 75 percent over the same month of 1933.

FINANCIAL STATEMENT PAN-AMERICAN LIFE INSURANCE CO.

December 31, 1933

RESOURCES		LIABILITIES	
Real Estate.....	\$ 2,453,325.14	Reserve on Policies as Required by Law.....	\$24,722,183.94
First Mortgage Loans on Real Estate.....	10,650,109.63	Death Claims Reported, Proofs Not Received.....	170,282.21
U. S. Bonds and Other Bonds (Amortized Value).....	4,452,178.70	Reserve for Taxes.....	60,059.45
Policy Loans and Liens.....	6,017,559.29	Bills, Accounts, Medical and Inspection Fees Due and Accrued.....	18,451.06
Premium Notes.....	2,055,978.03	Suspense Account.....	11,526.49
Cash in Office and Banks.....	592,290.24	Premiums Paid in Advance.....	51,786.40
Accrued Interest.....	424,492.72	Interest Paid in Advance.....	158,272.99
Net Uncollected and Deferred Premiums.....	932,099.73	Reinsurance Companies' Reserve Account.....	17,082.27
Miscellaneous Resources.....	40,902.58	Annual Dividend Declared.....	120,000.00
Total.....	\$27,618,936.06	Miscellaneous Liabilities, Including Special Reserves for Depreciation and Contingencies.....	287,830.45
		Surplus for Protection of Policyholders Over All Liabilities.....	2,001,460.80
		Total.....	\$27,618,936.06

Total Policy Benefits Paid in 1933 \$ 5,862,570.00
Insurance in Force 158,037,111.00
Paid Policyholders and Beneficiaries 39,286,234.00



For Information on Agency Openings, Write

TED M. SIMMONS, Manager United States Agencies

PAN-AMERICAN LIFE INSURANCE CO.

NEW ORLEANS, U.S.A.

CRAWFORD H. ELLIS, President

EDWARD G. SIMMONS, Vice Pres. & Gen. Mgr.

Twenty-eighth Annual Statement of the

LaFayette Life Insurance Co.

LAFAYETTE, INDIANA

DECEMBER 31, 1933

ASSETS

First Mortgage Loans, Real Estate and Home Office Building.....	\$3,689,555.09
Loans on Company Policies (within their reserve value).....	1,470,731.58
Liberty and other Government, State, Utility, etc., Bonds.....	650,375.72
Stocks, at actual market value.....	6,475.00
Cash in Banks.....	64,761.81
Interest and Rents Due and Accrued.....	131,919.23
Premium Notes (within their reserve value).....	142,224.96
Net Premiums in course of collection secured by policy reserves..	71,258.48
Due from other Companies.....	6,370.51
Due from U. S. Tax Refund allowed.....	4,750.80
Total Admitted Assets.....	\$6,238,423.18

LIABILITIES

Reserves—	
For Policy Guarantees	\$5,328,135.89
For Mortality and Investment fluctuation.....	175,000.00
For Depreciation of Real Estate.....	132,761.10
For Dividends left on deposit at interest.....	177,437.74
For Dividends awaiting apportionment or payment.....	91,384.49
For Taxes, etc., accrued, not yet payable.....	43,117.62
Premiums and Interest Paid in Advance.....	58,761.55
Death claims due and unpaid.....	NONE
Borrowed Money	NONE
Policy claims for which proofs have not been received and matured Endowments	15,328.00
All other Items and Accounts.....	23,968.24
Total Liabilities	\$6,045,894.63
Unassigned Surplus	192,528.55
Total	\$6,238,423.18

This Statement has been verified and approved by the Examiners of the Insurance Department of the State of Indiana who have just completed an official examination and audit of the Company's affairs up to January First, Nineteen Hundred Thirty-Four.

The Company has not borrowed any money; it has no contested claims; it has paid every obligation when due without sacrificing its invested assets or drawing upon its contingent reserves.

Paid-For Insurance in Force \$25,160,858

AN OLD LINE MUTUAL LEGAL RESERVE COMPANY

F. L. Alexander, President E. L. Marshall, Vice-President W. W. Lane, Sec-Treas.
Dr. M. M. Lairy, Medical Director W. R. Smith, Field Vice-President

AN OLD-LINE LEGAL RESERVE COMPANY

**Stronger Than Ever**

Highlights from the Yeomen Mutual Life's 1933-34 Financial Statement just released—

Cash Position: Seven times stronger.

Cash Demands: All met from current income, and \$825,000 added to investments.

Investments: Nearly 60 percent of all assets are in U. S. Government, State and Municipal Bonds.

Assets: \$23,819,447.74.

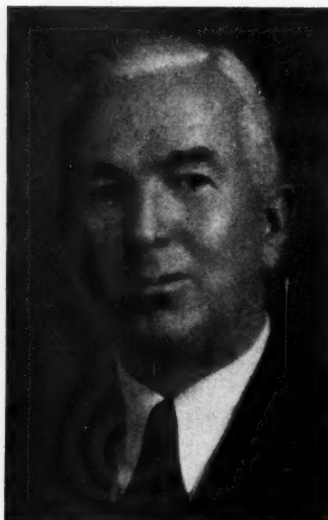
Paid to Beneficiaries and Policyholders: \$66,366,217.57 since organization.

"In Yeomen There Is Strength"

YEOMEN MUTUAL LIFE
INSURANCE COMPANY

A. H. HOFFMAN, President

Home Office: Des Moines

Guide Liberty National Life**R. P. DAVISON****F. R. SAMFORD**

R. P. Davison has been elevated from president to chairman of the board of the Liberty National Life of Birmingham and F. P. Samford, vice-president and treasurer, becomes president. Both are former deputy insurance commissioners of Alabama.

Mr. Davison after graduating from the academic and law schools of the University of Alabama devoted several years to the practice of law in Montgomery, specializing in insurance matters. During the war he served as an officer in France. Afterwards he was deputy insurance commissioner for two years. He became president of the Liberty National in 1921, and has had a fine record in the intervening period.

Mr. Samford, soon after graduation from Alabama Polytechnic Institute,

joined the home office of the Manhattan Life in New York. He resigned this position to become deputy insurance commissioner of Alabama, which position he filled from 1915 to 1919. After leaving the insurance department he devoted his time to insurance field work until his election as secretary-treasurer of Liberty National Life in 1921. He was named vice-president and treasurer in 1932.

The Liberty National was incorporated as a fraternal benefit society at Huntsville, Ala., Aug. 31, 1900. On July 1, 1929, it was converted into a legal reserve stock life company, the office in the meantime having been moved to Birmingham. In 1930 the company took over most of the business of Citizens Life of Huntsville.

Hear Objections To Peoria Mutual

(CONTINUED FROM PAGE 7)

have done because that involves a judicial action and discretion which no one can exercise for the court.

The court entered an order, referring the hearing upon objections to the proposed contract for the Peoria Mutual Life to the master.

R. R. Haffner, actuary of the insurance department, declared the Peoria Mutual is not a legal reserve life company because it has not deposited a guarantee fund with the department.

Mr. Haffner said he met four of the directors and none of them was known to him as an insurance executive.

If the court should order the contract with the Peoria Mutual signed in its present shape, the director could not approve it, the witness said. It would have to be approved by at least two-thirds of the policyholders of the Peoria Life, he said.

The proposal to transfer \$200,000 from Peoria Life assets to the Peoria Mutual for guarantee capital and \$800,000 for surplus was declared improper and unfair to Peoria Life creditors. He said there was nothing to compel the mutual company to return the million dollars to the receivers in event the new company did not carry out its contract.

S. F. McGrath, representing the Peoria Mutual, began cross examination.

Asks About Stevens

"Do you know some men by the name of Stevens on the board of the Illinois Life?" Mr. McGrath inquired.

"Yes, I know them."

"They were quite well-known in the insurance business weren't they?"

"They were connected with it for a number of years."

"Do you think their addition to this board would improve it?" Mr. McGrath inquired.

"They were not indicted for being insurance men. They were indicted for being thieves and crooks," Assistant Attorney General Kadyk declared.

"Then it is entirely possible that you could have a complete board of directors made up entirely of insurance men that might not be honest?"

G. Hall Roosevelt of Cleveland, brother-in-law of the President, was in Peoria through interest in the Peoria Mutual Life case.

He was accompanied by L. W. Scudder of the L. W. Scudder & Co., an accountancy firm; Harry C. Watts of the Harry C. Watts & Co., investment brokers, and Phillip Corrigan of Watts Co., all of Chicago.

Analyzes Proposed Contract

An analysis of the contract for the reinsurance of the Peoria Life in the Peoria Mutual Life has been made public by Murray M. Baker, president of the new company. He declares that the Peoria Life policyholders are offered a much better proposition than that offered assured of the National Life, U. S. A., by the Hercules Life. The comparison was made in an effort to discredit Insurance Director Palmer's handling of the Peoria Mutual Life bid by undertaking to show that what the Peoria Mutual offers is more liberal than the Hercules Life contract.

Mr. Baker said only four policyholders have filed objections in court to the proposed Peoria Mutual contract and that before the court approved mutualization of the Peoria Life several hundred policyholders expressed their desire for such a course.

Facts Are Given On Insurance Tax

(CONTINUED FROM PAGE 4)

For the 11 years during which tabulated figures are available, 1922-32, it is found that the total collection of special state insurance taxes aggregated \$893,97,007 and the expenditure for state insurance supervision \$37,617,641. The difference, \$856,379,366, was used for general revenue. The U. S. Chamber says that in order to comprehend the magnitude of this sum, it would have been sufficient to care for more than 90 percent of all death claims paid beneficiaries by the life companies in 1932 or it would have been large enough to pay in full the entire fire losses in the country for both 1931 and 1932.

In studying the expenditures and insurance supervision, it is found that 33 states showed increases, 14 decreases and one state retained a fixed percentage. The U. S. Chamber has given a table showing the percentage spent for service to policyholders for each year since 1915 as follows:

Year	Percent	Year	Percent
1915.....	6.48	1924.....	3.71
1916.....	5.69	1925.....	3.65
1917.....	5.62	1926.....	3.94
1918.....	4.78	1927.....	4.16
1919.....	4.37	1928.....	4.29
1920.....	4.33	1929.....	4.25
1921.....	4.08	1930.....	4.45
1922.....	4.37	1931.....	4.61
1923.....	3.87	1932.....	4.79

These figures are based on data for all states and the District of Columbia, except Pennsylvania and Louisiana, prior to 1922, except Louisiana alone from 1922 to 1925 inclusive, and except Nevada since 1927.

Comment on Tax Situation

In commenting on the tax situation, the insurance department says: "At present, with most states hard pressed for revenue, the prospect for material reduction in these taxes may not appear bright, even though policyholders are now paying indirectly about 20 times more than is required to provide for the supervision and regulation of the insurance companies in which they insure. The cause for resorting to such taxes bearing on insurance policyholders as a class is probably twofold: First, it is easy to impose and collect the tax; and second, this form of taxation is not generally understood and resented by those who pay. Particularly because of the special nature of insurance in encouraging thrift and protecting property and personal earning power, any proposal which would seek to make insurance bear more than a fair share of taxes should be promptly opposed. The general tax needs of a state should be provided with due regard to the principle expressed in the resolution passed by our body in 1927 as follows:

"Special state taxes now levied on policyholders through insurance companies should not be considered as a source of general revenue but should be reduced to the total in each state which will adequately support such state's departmental supervision, and a uniform principle of taxing the holders of insurance should be adopted throughout the states."

The states showing the highest percentages in service to policyholders are as follows: New Jersey, 15.87 percent; Texas, 12.8 percent; Arizona, 7.91 percent; New York, 7.85 percent; South Dakota, 7.69 percent; Wyoming, 7.21 percent; Missouri, 6.81 percent; Nebraska, 6.93 percent.

The states spending the smallest percentage for policyholders' service are Georgia, 1.56 percent; North Carolina, 1.53 percent; Ohio, 1.34 percent; Tennessee, 1.64 percent; West Virginia, 1.78 percent.

Receive Conservation Awards

For distinguished performance in 1933 in maintaining life insurance in force, the following general agencies of the Connecticut Mutual Life were awarded certificates: L. J. Fohr agency, Chicago;

Chaddick Chosen For Honor Title By Lincoln Life

For the first time in the history of the Lincoln National Life, its honor title "the most valuable representative" has been won by the same man for two consecutive years. This honor in 1933 goes to Clyde Chaddick of the O. D. Douglas agency, San Antonio, Tex. In recognition of this decision, his name will be carved in the limestone wall of the entrance lobby of the home office at Fort Wayne. Here in a space especially reserved for the purpose, names of the men who have won the distinction "most valuable representative" are recorded during the second 20 years of the company's history.

The title "most valuable representative" is awarded in competition on three points: Volume of business, persistency, and average size of policy. In winning the honor for 1933, Mr. Chaddick had a volume of more than \$410,000, a persistency rate of 4.6 percent, and an average size policy of approximately \$3,900. Mr. Chaddick has been with the Lincoln National 10 years and in addition to acquiring numerous other records in 1933, he led the entire company in the sale of its retirement income policy.

His methods in selling are: Time control, a system of daily reports, careful prospecting, direct mail, standardized sales talks, change of age letters, life insurance programs, and hard work. His thought on choosing prospects is worthy of note. Clyde Chaddick never tries to sell a man unless that man has, in his opinion, the qualifications of a good policyholder, not just a good prospect. He never breaks this rule.

City Moratorium Bill Big Problem

(CONTINUED FROM PAGE 3)

an adjustment be made equitably as to this levy. Any legislation of this kind is futile, until the Supreme Court of the United States has passed on it.

The only argument for the bill is that it is necessary to force in the "recalcitrant minority." In view of the 30 percent provision in the bill, Mr. Ekern considers the 70 percent remainder of bondholders a very large minority. It would be better to pay the minority 100 percent than to pay attorneys' and other fees. Mr. Ekern said he is confident that President Roosevelt would not come out for the bill, the opinion coming from one "very close to the source."

The bond difficulties have been far worse than have been generally known, many having gone to default. Old line companies and fraternal have been sorely puzzled how to handle the issues. Practically the only course open to them has been to deposit the bonds with bondholders' protective committees. There have been heavy expenses in connection with this for attorneys, banks' and other fees, with, it is said, little or no return. Companies have been put to heavy expense in retaining firms of attorneys throughout the country to protect their interests on the difficult issues.

J. C. Snyder, president Ben Hur Life, expressed opinion many municipalities do not want to pay their debts. His association employs 50 legal firms solely to watch municipal bonds. Many cities are seeking every avenue possible to avoid paying their debts, he said, and employing every subterfuge.

Williamson & Wellbeloved agency, Chicago; R. W. McClain agency, Denver; John W. Knorr agency, Fort Wayne; John H. Thompson agency, Hartford; and S. S. Northington agency, Los Angeles.



GUARDIAN LIFE NEWS

★
**FOR JANUARY 1934 A 34% INCREASE
OVER JANUARY 1933 IN PAID-FOR-BUSINESS.**

★
**TWO NEW POLICIES:—THE "AUTOMATICS"
AND THE "SINGLE PREMIUM SPECIAL INCOME
ANNUITY".**

★
**ALL OF THIS MEANS MORE MONEY IN
THE POCKETS OF GUARDIAN LIFE AGENTS!**

THE GUARDIAN LIFE

INSURANCE COMPANY OF AMERICA

ESTABLISHED 1860

50 UNION SQUARE

NEW YORK CITY

Drifters

from first one organization and one job to another organization and another job may gain much experience, but they endanger the morale of their more reliable associates and leave behind only painful memories.

"Birds of passage" are a detriment to the institution of life insurance and a source of constant trouble, dissatisfaction, and expense. The poor workman quarrels with his tools and the inept salesman is quick to blame his lack of progress upon his company—blind to his personal failure as against the success of others connected with the company that he forsakes.

Stick to your company, as you expect it to stick to you, for "the place to make good is right where you are!"

AMERICAN CENTRAL LIFE

INSURANCE COMPANY

INDIANAPOLIS - - - - INDIANA

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Honor Paid Grover Cleveland

THE ASSOCIATION OF LIFE INSURANCE PRESIDENTS owes much to the late GROVER CLEVELAND, who was its first chairman. The organization therefore is interested in the historic memorial to be dedicated at Caldwell, N. J., it being Cleveland's birthplace. It is the old Presbyterian manse where the Democratic president was born. He was the son of Rev R. F. CLEVELAND, who was a young Connecticut preacher assigned to the church at Caldwell and occupying the manse on Parsonage Hill. GROVER CLEVELAND was born in the house March 18, 1837, and the cradle in which he was rocked still stands there.

Plans are being made to dedicate the building as a public memorial in March on the anniversary of CLEVELAND's birth. One of the first men to sense the historical significance of the residence was W. H. VAN WART, a newspaper publisher at Caldwell. Shortly after President CLEVELAND's death, Dr. JOHN H. FINLEY, then president of the COLLEGE OF THE CITY OF NEW YORK, now associate editor of the New York "Times," suggested in an address that he made be-

fore the ASSOCIATION OF LIFE INSURANCE PRESIDENTS that the birthplace be preserved as a historic edifice.

Mr. CLEVELAND in the early days of the ASSOCIATION OF LIFE INSURANCE PRESIDENTS did yeoman service in bringing the companies together when public confidence had been greatly shaken owing to the Armstrong investigation. In appreciation of his service T. A. BUCKNER, now president of the NEW YORK LIFE; the late WILLIAM DAY, who was president of the EQUITABLE LIFE of New York, and others, determined to carry out the proposal suggested by Dr. FINLEY. THE GROVER CLEVELAND BIRTHPLACE MEMORIAL ASSOCIATION was formed and the old manse was purchased. It will include in time many relics and possessions of GROVER CLEVELAND. Among the eminent trustees of the association are THOMAS A. BUCKNER, President E. D. DUFFIELD of the PRUDENTIAL and President JOHN R. HARDIN of the MUTUAL BENEFIT LIFE. Life insurance men everywhere will be interested in the dedication of this historic structure.

Connecticut's Tax System

ALTHOUGH long the home of some of the foremost insurance companies of the land, Connecticut has never dealt fairly with its institutions in the matter of taxation, thereby justifying the recent statement by a member of the Connecticut state tax study commission that its tax system "is not based on any known tax theory and is without the approval of any member of the commission." Some

years ago one of the leading stock fire companies of Hartford protested vigorously against the tax system in vogue, intimating rather bluntly that if it were not reformed the office in question might surrender its state charter and seek incorporation in a commonwealth where a more equitable method of levying taxes prevailed. Connecticut needs a reform in this regard.

Some Knowledge Is Desirable

WHILE an insurance salesman should not burden his mind unduly with actuarial and technical information, at the same time he should learn all he can

about his business so that he can present his contracts intelligently. His selling ability is heightened by practical knowledge.

Many Prospects for Insurance

There are about 29,904,700 families in the United States and 22,833,000 own family homes. It would seem therefore

that there are still numerous insurance prospects which may be found in all sections of the country.

PERSONAL SIDE OF BUSINESS

The Connecticut Mutual Life has awarded a certificate to the Thompson & Taintor agency, its Hartford representatives, for distinguished performance in 1933 in maintaining life insurance in force. The agency was also given recognition for outstanding success during 1933 in the development of its agency organization, the presentation being made by President James Lee Loomis.

The Phoenix Mutual Life office in Boston has moved into the Boston Insurance Company Building at 87 Kilby street. Wallace W. Watson is manager.

Dr. H. B. Collins, associate medical director of the Connecticut Mutual Life, addressed the North Worth and west Texas agents in Fort Worth. He also met with the local examiners. He had previously visited the Dallas, San Antonio and Houston agencies. He went from Texas to the Pacific Coast.

S. A. Swisher, 79, who was in the general insurance business in Iowa City, Ia., for 50 years, died at the home of his daughter in West Liberty, Ia. He was president of the Iowa State Historical Society. He was the father of Stephen A. Swisher, Jr., assistant superintendent of agencies Equitable Life of Iowa, and J. C. Swisher, Des Moines agent.

F. J. Kulman, 66, for many years general agent of the George Washington Life at Savannah, Ga., died there after a brief illness.

The St. Louis agency of the Ohio State Life commemorated the 16th anniversary of Manager E. L. Knetzger's entering the life insurance business. F. L. Barnes, agency vice-president, was present from the home office and officially launched a half-million dollar campaign as a tribute to Mr. Knetzger. R. M. Ginsburg, supervisor of the St. Louis agency, wrote \$100,000 of paid for business in January.

Mrs. E. L. Marty, former women's club president at Lincoln, Neb., is now one of the consistent big producers of the Bankers Life of Nebraska. She has just concluded three years as an agent, and her work is highly acclaimed by Agency Manager Olson. She was a member of the Century Club for 1933, her average size policy is considerably greater than the company average, and she has 126 weeks of consecutive weekly production to her credit.

W. J. Powell, vice-president and treasurer of the Edward A. Woods Company, general agent Equitable of New York, Pittsburgh, accompanied by Mrs. Powell, is enjoying a Mediterranean cruise.

Walter W. Head, president General American Life, St. Louis, addressed the Des Moines "Ad" Club on "The Boy." He is national president of the Boy Scouts of America.

Celebrating Guy A. Reem's 41st birthday, the agency force of his agency of the State Mutual Life in Detroit staged a surprise party for him at which 58 applications for \$354,500 were presented as a birthday gift. Unknown to the general agent, the agents produced the largest four weeks' business written by the agency since early in 1929.

James Higginson, with the State Mutual in Detroit for 40 years, presided as toastmaster. Among those who paid tribute to Mr. Reem was D. G. Mix, assistant superintendent of agencies.

C. L. Ayres, president American Life of Detroit, left last week for Texas by motor for a month's stay to recuperate from the results of an operation

which confined him to the hospital and later to his home for many weeks. He will look after some business matters for the company in the Rio Grande valley and will make his headquarters on a ranch at Edcough, Tex. He was accompanied south by Frank Davidson, veteran manager of the company's Am Arbor district. Claris Adams, executive vice-president, is in charge during Mr. Ayres' absence.

R. E. Henley, general counsel Life of Virginia, spoke before the banking class of the Richmond chapter, American Institute of Banking, on "The Financial Aspect of Business Cycles."

Capt. W. E. White of Charleston, W. Va., died Sunday after an illness of eight weeks. He was 71 years of age and was a brother of former Governor A. B. White. He was deputy insurance commissioner in West Virginia for 17 years and was shifted from that office to another state department on the change of administration. He had been in poor health for some time. He always attended the annual meeting of the West Virginia Association of Insurance Agents.

H. A. Behrens of Chicago, president of the Continental Casualty and Continental Assurance, who is on a six weeks South American trip, is now at Buenos Aires and may extend his sojourn for another two weeks by stopping in that city.

Dorothy Brown, an employee in the publicity division of the Travelers in Hartford, died of pneumonia last Saturday morning. Miss Brown, who greeted visitors to the division, was known to many whose business took them there.

The Aetna Life has awarded W. G. Harris, Dallas, northeast Texas general agent, the 1933 President Morgan B. Brainard trophy for outstanding merits. These merits are: new business, average premium per thousand, gain or loss in business in force, gain or loss in regional sales leaders, all-time organization, new organization, new business from old policyholders.

Ted Dreyer, manager of the East Bay office of the Pacific Mutual Life, has returned to his headquarters in Oakland, Cal., following a honeymoon in Mexico City and southern California.

J. R. Edlund, manager of the St. Paul agency of the Union Central Life, died after a short illness of pneumonia.

Mr. Edlund was appointed manager at St. Paul last September, after having served as manager of the Rockford branch of the Polo, Ill., agency since 1931. His first life insurance experience was obtained at Wichita in 1926.

Funeral services were held in Kansas City, his native place.

T. W. Vardell, one of the organizers and for several years president of the Southwestern Life of Dallas, Tex., died at his home there Tuesday. He was 62 years old. While Mr. Vardell was injured in a fall from a horse some two weeks ago, his death was attributed to heart trouble.

He started his insurance career with the Equitable Life of New York in Galveston, later serving that company as manager for north Texas and supervisor of agencies in Texas and Oklahoma. He became vice-president of the Southwestern Life in 1908 and president in 1911. He was president of the American Life Convention in 1910-11.

Joseph C. Behan, second vice-president of the Massachusetts Mutual Life, accompanied by Mrs. Behan, is visiting the Pacific Coast. In Los Angeles he visited the southern California agency

under John W. Yates. They were guests at an agency dinner given by Mr. Yates and his associates. At an agency meeting Mr. Behan presented certificates of honor to five members of the Los Angeles agency who qualified among the first 100 leaders of the Massachusetts Mutual Life in paid business in 1933. They were H. G. Mosler, Phineas Prouty, Jr., L. C. Appleman, Morris Sichel and A. J. Morse. Mr. and Mrs. Behan will also visit San Francisco, Portland and Seattle.

John A. Farber of Omaha, president of the Service Life of that city, and one of the well-known executives of his

state, was in Chicago Monday enroute to New Orleans. He expects to take the trip through the Panama Canal up to Los Angeles and then back home.

T. A. East, Fresno, Cal., manager of the California-Western States Life, was feted by company officials and the members of his organization last week in celebration of his 20 years service. A special drive was made for business and Mr. East was presented with a shower of applications at a banquet in his honor. Among those who spoke at the banquet were S. C. Gibbons, Stockton manager, and Frank W. Bland, Pacific Coast manager of THE NATIONAL UNDERWRITER.

NEWS OF THE COMPANIES

Tells Our Home Life Plans

Commissioner Knott of Florida Hopes to Have the Defunct Company Taken Over

W. V. Knott, Florida insurance commissioner, who was appointed receiver of Our Home Life with executive offices in Washington, D. C., in a letter to policyholders states he is negotiating with other companies hoping to make some arrangement by which the business can be taken over under contract. He said that any arrangement of this kind will necessarily require placing a lien on the policies probably to the full extent of the reserve. Death claims which may be pending are held in abeyance and Commissioner Knott asserts that an effort will be made to provide that they be taken care of when the business is taken over. He says that no further remittances on account of premiums should be made until further notice. No policy loans or surrenders can now be granted. Payment of annuities will be discontinued.

C. J. McCann, deputy and actuary, is in charge of Our Home Life at 1103 Vermont avenue, Washington, D. C. The principal asset consists of its equity represented by preferred stock in the National Realty & Securities Company, owner of an office building at 1103 Vermont avenue. The Our Home Life has used part of this as its executive offices. The company also owns certain bonds and mortgages, the latter covering real estate in the District of Columbia and Maryland. Only about 3 percent of its assets are in Florida mortgages.

The company was organized under the Florida laws. It maintained for some time a deposit of \$100,000 bonds and mortgages with the District of Columbia insurance department. This deposit was later transferred to Florida. The department report as of June 30 last shows this deposit to have been composed of notes and mortgages \$40,500, deeds of trust and notes \$16,915, deed of trust and notes \$20,000, deed of trust National Realty & Securities Co., \$25,667, first mortgage on Vermont building \$4,200, total \$107,282.

Founders of Pan-American Will Be Honored in March

March will be observed as "Founders' Month" among the agencies of the Pan-American Life, honoring C. H. Ellis, president; E. G. Simmons, vice-president and general manager; E. J. McGivney, vice-president and general counsel, and Dr. Marion Souchon, vice-president and medical director. These officials organized the Pan-American in 1911 and have held their present positions continuously since the company issued its first policy March 28, 1912. The campaign in their honor was suggested by general agents and managers. Special stages of "Founders' Month" have been built around the birthday anniversary of Dr. Simmons March 10, Financial Independence Week, March

19-24, and the anniversary of the issuance of the Pan-American's first policy March 28.

St. Louis Trial Held Up

ST. LOUIS, March 1.—The Continental Life of Missouri trial here before Circuit Judge Ryan which was halted Feb. 19 because of the severe illness of Theodore Rassieur, chief counsel for the company, has not been resumed yet. Mr. Rassieur's condition is much improved but he still needs a few more days of rest.

In the brief hearing on Feb. 26 Frank Pace of counsel for the company requested permission from Judge Ryan for President Ed Mays to send out the annual statement as of Dec. 31, to the insurance departments of the states in which it has been doing business. He said that this step was necessary to protect the state licenses. Attorneys for the state objected to Mr. Mays sending out the statements and their objections caused Judge Ryan to issue instructions to Superintendent O'Malley to send telegrams to the other commissioners explaining the status of the company. The commissioners were asked to grant a 60-day extension for the filing of the statement and application for a renewal.

Campaign for General American

ST. LOUIS, March 1.—The first production campaign for a large volume of new business by the General American Life has been inaugurated for March, which is "Directors' Month." The directors plan to keep in personal touch with the field during the campaign. Prizes will be awarded for the largest number of paid applications, the largest volume of paid business, the largest amounts of paid premiums, the largest amounts of paid commercial accident and health premiums, and the largest amounts of paid group premiums. Special literature prepared for the campaign includes a booklet "How to Judge an Insurance Company," which gives four prerequisites, namely: its record, its management, its financial soundness, and its service.

New Sovereign Life Officers

WINNIPEG, CAN., March 1.—Dr. H. J. Meikeljohn has retired as president and managing director of the Sovereign Life after 25 years' service. He is succeeded by W. S. Evans as president, and M. D. Grant, assistant general manager since 1924, will be general manager. Mr. Evans has been a director since 1911. He is a wheat expert and a former president of the Canadian Chamber of Commerce.

Illinois Life Order Entered

The federal court at Chicago has entered an order directing the Central Life of Iowa to credit assenting registered policyholders of the Illinois Life with their proportionate share of the value of the 2,700 shares of Continental Illinois National Bank & Trust Company

Eighty-Second Year

BERKSHIRE LIFE INSURANCE COMPANY

Incorporated 1851

PITTSFIELD, MASSACHUSETTS

Year Ending December 31, 1933

Admitted Assets	\$ 49,375,464
Policy Reserve and Other Liabilities.....	47,174,060
Surplus and Contingent Reserve.....	2,201,404
Received for Premiums.....	6,595,602
Total Income	9,616,778
Dividends Paid and Credited Policyholders.....	951,176
Total Payment to Policyholders and Beneficiaries	7,053,922
New Paid Insurance.....	19,519,722
New Paid Annuities (Premium)	543,623

Total Insurance in Force.....\$213,179,266

Growth of Company

Progress shown in 5 year periods

INCOME		ASSETS	
1913	\$3,601,185	1913	\$21,095,596
1918	4,470,162	1918	26,533,017
1923	6,455,571	1923	33,627,755
1928	8,839,317	1928	44,520,374
1933	9,616,778	1933	49,375,463

FINANCIAL INDEPENDENCE WEEK—MARCH 19-24

Some Significant Facts

Each and every year of the depression the cash income of the Company exceeded all cash demands and in 1933 Mutual Trust increased its surplus and special contingencies reserve 22%.

Actual to Expected Mortality.....45.12%

Paid Policyholders and Beneficiaries in 1933.\$4,684,221.56

Payments to Policyholders since organization

* * * *

The only Illinois mutual full level premium reserves company and one of the twenty-four such companies in the United States.

* * * *

It retired its capital stock during its first year.

* * * *

One continuous management for twenty-nine consecutive years.

INSURANCE IN FORCE \$158,346,581.00

MUTUAL TRUST

LIFE INSURANCE COMPANY



"AS FAITHFUL AS OLD FAITHFUL"

stock, which was held by the Illinois Life, at \$55.50 per share—the market value on the day the order was entered. The Illinois Life was reinsured by the Central Life of Iowa. In figuring the proportionate share of registered assenting policyholders, the amount paid to dissenting registered policyholders and claimants by the receiver is to be deducted. Where the amount of the lien on any assenting registered policy is reduced as a result of this credit, that reduction, according to the court order, becomes fixed and will not be affected by subsequent adjustments of the lien.

May Start Life Company

COLUMBUS, O., March 1.—According to reports, the Ohio Farm Bureau Federation, which recently launched a fire company, is thinking seriously of engaging also in the life insurance busi-

ness. It is said that the farm bureau would consider taking over some life company that is not involved.

New Assessment Company

The Franklin Life of Newark has been incorporated as an assessment company. Incorporators include J. J. Young, Samuel Goldman, Jr., and Earl Turkel, Jersey City; Nathan Yust and Anthony Williams, Newark; Edward Probst, Benjamin Marcus, Oscar Probst, and D. A. Hanley, all of New York City.

Holland Discusses Legislation

J. F. Holland, St. Louis, former Missouri insurance superintendent, spoke on "New Insurance Legislation in Missouri" at the meeting in St. Louis of the Shield & Wings council of the General American Life.

Oklahoma, Missouri, Arkansas, Kansas and Texas, selling life, accident and health.

G. O. Tomlins, R. R. Rust

The Ohio State Life has appointed G. O. Tomlins general agent at Akron, O., and R. R. Rust general agent at Iowa City, Ia.

Mr. Tomlins has been Akron general agent of the Minnesota Mutual Life and was formerly with the Abraham Lincoln Life.

C. C. Kaiser

Ed. F. Auman, general agent in North Dakota for the Northwestern Mutual, announces the appointment of C. C. Kaiser, formerly of Madison, Wis., as district agent at Bismarck, N. D. Mr. Kaiser is a C. L. U. and will have charge of the southwestern part of the state.

J. H. Clarke

J. H. Clarke has been transferred from the home office of the Bankers Life of Iowa to Grand Rapids, Mich., as assistant agency manager.

John Reinhardt

The Home Life of New York has appointed John Reinhardt supervisor of the Denver agency under A. A. Butler,

general agent. He will have charge of securing, training and developing new men. This is his second year of the definite Home Life program for developing general agents.

Life Agency Notes

W. M. Hammond, southern California general agent at Los Angeles for the Aetna Life, has appointed Jerry Hall assistant general agent. Mr. Hall has been a member of the agency since 1927.

W. T. Shepard, Los Angeles general agent Lincoln National Life, has transferred J. M. Morgan, assistant general agent in Los Angeles, to Long Beach, in charge of the agency there.

G. O. Stallings has been placed temporarily in charge of the Oklahoma general agency of the California-Western States Life, pending the appointment of a permanent general agent to succeed B. N. McMullen, resigned.

Rev. S. H. Bartlett has resigned as pastor of the Fifth Avenue Church of Christ at Lancaster, O., to become manager in Columbus, O., of the Commonwealth Life of Louisville.

Wilbur Johnston, formerly with the Kansas City Life, but more recently with the Travelers, has been appointed assistant general agent for the Arthur E. Biard Company, San Antonio, southwest Texas general agent of the Kansas City Life.

LIFE AGENCY CHANGES

Cross Philadelphia Manager

Prudential Transfers Cincinnati Head to Eastern City Succeeding A. C. Williamson Who Goes to Coast

H. C. Cross, manager of southern Ohio for the Prudential ordinary department at Cincinnati, has been appointed manager of the Philadelphia agency, one of the two Prudential ordinary offices at Philadelphia. The agency has over \$100,000,000 in force.

Mr. Cross started with the Prudential as a special agent in Cleveland in 1924. He has consistently been a substantial producer, paying for \$1,131,118 personally in 1933.

Great Advance in Rank

He was appointed manager at Cincinnati in 1930. At that time the agency ranked 42nd out of a total of 74 agencies. Under Mr. Cross's leadership the agency was 22nd at the close of his first full year as manager, 15th the following year, and 7th last year. There are 22 producing agents in the Cincinnati office.

A. C. Williamson, whom Mr. Cross succeeds, has been transferred to San Francisco. He had been manager at Philadelphia 15 years.

Mr. Cross will assume his new duties about April 1.

American Life Expanding Agency Plant in Michigan

Expansion of the agency plant of the American Life of Detroit in Michigan is progressing rapidly under the supervision of M. E. O'Brien, Michigan supervisor. J. E. Walker, formerly state manager for the Guaranty Life of Dayton, has been appointed manager for Lansing and surrounding territory, succeeding R. E. Treen, who has been manager for several years. Mr. Walker was state manager for the Michigan Mutual Life before its acquisition by the National Life, U. S. A.

S. S. Evans, C. W. Mullen and E. J. Moore, known as the S. S. Evans Agency, have been appointed managers for Kalamazoo, Berrier, St. Joseph and Allegan counties, with headquarters in Kalamazoo. Mr. Evans was manager for the Michigan Mutual Life for many years.

The American Life has also appointed P. H. Pilchard manager in Des Moines.

Commonwealth Life Changes

The Commonwealth Life has appointed C. C. Bogard, G. M. Kelsey and J. D. Anthony district managers for the Marion and Muncie district in Indiana. C. F. Kasler succeeds Mr. Bogard, and Frank Firks succeeds Mr. Kelsey, as assistant managers in the Fort Wayne offices.

G. E. Ott With Guardian Life

Well-Known Philadelphia Leader Becomes Manager There—Dorwart Assistant Manager

The Guardian Life has appointed George E. Ott manager of its Philadelphia agency and George H. Dorwart assistant manager of the agency.

As inspector of agencies in the Philadelphia district and more recently as manager of the consolidated agency in Philadelphia of the Equitable Life of New York, Mr. Ott has been an outstanding figure in life insurance circles for a number of years. A native of Wisconsin, he made his entry into the life insurance business as a field man there. Several years of personal production were followed by his appointment as district agent and later as superintendent of agents in Iowa. He was transferred to the east in 1918 as inspector of agencies in the Philadelphia district. His success in this connection is evidenced by the fact that under his direction the company's production in Philadelphia increased ten-fold.

Manager Ott has been an active participant in life underwriter association activities, having recently terminated a successful administration as president of the Philadelphia association, of which he is still a director.

Mr. Dorwart has been with the Guardian's Philadelphia agency for five years. He entered the life insurance business as a personal producer under James A. Tyson, then manager of the Guardian Philadelphia agency and now manager of one of its agencies in New York City. Possessing a marked aptitude for organization work, he was appointed supervisor of the agency last year.

Headquarters of the Philadelphia agency are at 910 Franklin Trust building.

O. W. Fletter, C. N. White

The Occidental Life has appointed O. W. Fletter and C. N. White assistant branch managers in San Francisco in charge of separate production units. Mr. Fletter was formerly with the Aetna Life in San Francisco and the Bay district, first as assistant manager and subsequently in personal production. Prior to that he was with the New England Mutual in San Francisco. Mr. White was formerly with the Minnesota Mutual Life in San Francisco as a unit manager and personal producer. Previous to that he was connected with the Penn Mutual and the Equitable of New York.

F. C. Grovey

F. C. Grovey of Oklahoma City has been appointed general agent of the Washington National of Chicago. He has a large organization operating in

LIFE COMPANY CONVENTIONS

Fidelity Union Leaders Meet

Annual Convention of Dallas Company Held at Mineral Wells, Tex.—Cummings, Hogue on Program

The annual meeting of the agents of the Fidelity Union Life of Dallas was held in Mineral Wells. The two-day convention was attended by leading producers and several executives from the home office.

The discussions centered around the problems of the agents in the field and the efforts the home office is making this year to help the producers put more business on the books. The contracts written by the company were also outlined as were its achievements the past year and its goal for 1934.

Vice-President L. C. Bradley presided at the opening session. Speakers the first day included President Earl B. Smith, Carr P. Collins, chairman of the board, Dr. B. M. Edwards, Dr. E. L. Rippey, Philip Goodwin and R. L. Thomas, all of Dallas, and F. C. McCaughy, branch manager at San Antonio.

Speakers from outside the company's ranks were A. W. Hogue, Dallas, state manager Business Men's Assurance; Dr. W. R. White, pastor Broadway Baptist Church, Fort Worth, and O. Sam Cummings of Dallas, Texas manager Kansas City Life.

President Burget Appears at Coast Agency Rallies

President Eugene O. Burget of the People's Life of Frankfort, Ind., is on the coast on an agency trip. While in Los Angeles he addressed a meeting of the agents there. That meeting was in charge of Roy L. Carmack, state agent, who introduced President Burget. Other speakers were R. J. Hanners, state agent, Benjamin Scott of Los Angeles and L. E. Merman of the San Francisco agency.

In the afternoon Mr. Burget gave a talk on underwriting practices and told the agents about the new readjustment policy.

The next week Mr. Burget went to San Francisco and addressed a meeting of the northern California agents.

State Farm Agents Gather

Large Meeting at Bloomington—Company Shows Splendid Growth—President Mecherle Welcomes Visitors

Over 1,500 agents and home office workers attended the annual convention in Bloomington, Ill., of the State Farm Mutual Automobile and State Farm Life. President G. J. Mecherle welcomed the gathering and reviewed the events of the past year. Mr. Mecherle said the companies have never been in as sound financial condition as at the present time.

Company Grows Rapidly

The growth of the State Farm Life was described by Vice-president Morris Fuller. In its five years of existence the company has grown until it has nearly a million in assets. He told about the company's paymaster policy, a life expectancy form, which has met with unusual popularity. The original policy which provided for a decrease in principal beginning at age 36, now allows for an option to continue the principal sum at one year renewable term premium rates. The original paymaster form was written on a \$1,000 basis, but a new jumbo policy will now be written on a \$2,500 basis.

"Banish Fear" Says Tompkins

A. W. Tompkins, superintendent of agents discussed the growth of the company with "Onward in 1934" as his theme. Mr. Tompkins urged the agents to banish fear, saying that it is the most destructive force with which the human mind has to contend. He urged the agents to organize their time so as to do more effective work.

R. A. Trubey, North Dakota manager of the Guardian Life, spoke on "Building Revival Stability Through Life Insurance."

Selection of preferred class risks essential to sound underwriting, F. B. Coleman, claim supervisor, declared is sought. He urged the agents to write the best business because it enables the company to enjoy a steady and substantial growth, which in turn is an aid to them.

Prizes for production record were awarded by G. E. Mecherle, assistant secretary to T. H. Bond of Los Angeles as leading district agent, and to

L. W. Wells, Lynchburg, Va., as leading local agent.

H. L. Ekern, Chicago lawyer and former Wisconsin insurance commissioner spoke, giving the arguments for legal reserve mutual insurance.

Secretary G. E. Beedle told of the satisfactory gains made by the company in 1933. An invitation to hold the 1935 convention in San Francisco was extended by the San Francisco chamber of commerce.

The financial statement of the State

Farm Life was presented by A. H. Rust, treasurer, who reported the surplus had increased from \$429,306 to \$443,259 in 1933. In 1933 the insurance in force increased from \$13,138,560 to \$17,200,000. Assets total \$969,479.

Central Life Men in Wichita

The Central Life of Fort Scott, Kan., held a two-day agency meeting in Wichita, attended by President R. S. Tiernan, Vice-president J. T. Mayall and F. C. Thompson, agency supervisor.

AS SEEN FROM NEW YORK

By R. B. MITCHELL

CONTINENTAL AMERICAN LEADER

Jack Botnick of the Robert Kruh agency of the Continental American Life in Brooklyn, which opened Jan. 1, led the entire company in January in volume and paid premiums. Mr. Botnick was made agency supervisor effective Feb. 1. Ten new full-time men have recently been added to the agency, which finished its opening month in seventh place among the company's agencies countrywide. In February the agency is running a campaign in honor of Vice-President G. A. Martin for \$350,000 in written business.

* * *

NEW RULE ON ASSIGNMENTS

The decision made by Justice Schmuck of the supreme court of the state of New York, New York county, in *Stoult vs. Guaranty Trust Company* (New York Law Journal, July 19, 1933), was cited with approval by Surrogate Foley in a decision in the Estate of Julia J. Fulton, published in the New York Law Journal Feb. 20, 1934. Attorney Albert Hirst of the New York State Life Underwriters Association, says:

"In that case Mrs. Fulton, deceased, had assigned to her husband or made payable to him by change of beneficiary certain policies of life insurance which heretofore had been payable to her estate. At the time of the assignment Mrs. Fulton was insolvent. The transfer was held by the court to be in fraud of creditors. The court set aside the transfer to the extent of the amount of admitted claims of creditors of the

estate, but the excess of the proceeds over creditors' claims was held to belong to the assignee and not to the estate.

"In this aspect the case lays down new law. Under Surrogate Foley's ruling, where an assignment of the life insurance policy or a change of beneficiary of a policy, heretofore payable to the estate, has been made while the insured was insolvent and in fraud of creditors, the court will not set aside the assignment in its entirety, but only to the extent of moneys that are needed to pay creditors."

* * *

"NEW OUTLOOK" ARTICLE

The life insurance principle in evaluating the worth of the "human machine" is recommended as a way out of the economic troubles that beset the nation, in article by Allen Raymond, well known newspaper correspondent, in the March "New Outlook." The article is of additional interest to insurance men as a selling aid, as in making his points, the author develops the idea of the capital value of a human being, in this connection citing the work of Third Vice-President L. I. Dublin of the Metropolitan Life.

Mr. Raymond, setting forth the economic doctrines of Scoville Hamlin, a modernist, points out that according to figures of the U. S. Department of Labor it costs \$5,000 to rear and train a day laborer to wield a pick and shovel, and \$10,485 to develop a white collar worker so that he can take charge of a set of books, or function as a clerk or a draftsman.

AS SEEN FROM CHICAGO

PAN-AMERICAN LIFE PLANS

Under a unique plan developed with the cooperation of L. W. Ginter, Chicago manager, the Pan-American Life will appoint a number of unit managers in the city. Under the new plan the city will be zoned, a unit manager to be under the general supervision of the Chicago branch to be appointed in charge of each zone. To all intents and purposes, however, each unit manager will enjoy the same privileges and authority as a district manager—for the zone over which he is given supervision. The first appointment has been made by Mr. Ginter, Evans H. Hansen having completed a contract. In addition to retaining supervision of all the agencies established under the unit plan in Chicago Mr. Ginter will also superintend all mortgage loan business of the Pan-American Life in the Chicago district. The new unit manager plan, plus the assignment of mortgage loan business to the Chicago office, offers increased opportunities for development of that office, it is believed by Mr. Ginter as well as home office officials of the Pan-American. Mr. Ginter has been branch manager of his company since 1931.

* * *

STEBBINS' NEW CONNECTION

L. A. Stebbins, general counsel for the Central Life of Illinois, has become a member of the McKinley & Price law

firm of Chicago, which is composed of William McKinley and Paul E. Price, who were counsel for the now defunct Old Colony Life of Chicago and are well known in insurance legal circles in that city. The firm name will be changed to Stebbins, McKinley & Price. Mr. Stebbins was the founder and is the perpetual president of the Chicago Life Insurance Lawyers Club.

* * *

SAMELOW ASSISTANT MANAGER

Walter Samelow has been appointed assistant manager of the K. M. Sacks agency of the Equitable of New York, Chicago. He has been agent there for a year, formerly having been a Chicago hotel manager.

* * *

BRUCHHOLZ HAS LOW LAPSE RATIO

With a 10 percent better record, the Chicago Clearing House branch of the New York Life, Frederick Bruchholz, agency director, had the lowest volume lapse ratio of any Chicago branch on business less than two years old reported in 1933.

Prepare for Quiz

Ninety-three employees of the Western & Southern Life are preparing for the Life Office Management Association Institute examinations in May.

The Criterion

THE true measure of progress in an institution is performance—not for the day only—but over the years. This progressive, time-tried Company is in its fortieth year of consistent, conservative, steady performance. It has paid over \$93,000,000 in benefits to policyholders and their beneficiaries . . .

THE
STATE LIFE
INSURANCE COMPANY

Indianapolis
Indiana

FORTIETH YEAR

Enjoy a 4 STAR HOTEL in New York



1400 large rooms...each with bath (tub and shower) servitor and radio. Single from \$2.50. Double from \$3.50.



JOHN T. WEST, Manager
Send for Booklet T

LINCOLN

44TH TO 45TH STREETS AT 8TH AVENUE • NEW YORK

★ for BUSINESS...1 block from Times Square, 3 blocks from 5th Ave. Underground passageway to all subways.

★ for DINING...3 fine restaurants to choose from—coffee room, tavern grill, main dining room. Breakfast from 30c Luncheon from 65c Dinner from 85c

★ for RECREATION...69 fine theatres within 6 blocks. 1 block from Broadway...4 short blocks to Madison Square Garden.

★ for QUIET SLEEP...Our 32 stories of fresh air and sunshine assure you quiet comfort at all hours.

NEWS OF LIFE ASSOCIATIONS

Payne Is Florida President

State Association Seeks Separate Insurance Department and Municipal Tax Reform—Outstanding Speakers

ORLANDO, FLA., March 1.—H. R. Payne, Florida manager for the Prudential, was elected president of the Florida Association of Life Underwriters at the annual sales congress here. The following were elected vice presidents: F. P. Dearing, Mutual Life, Jacksonville; D. L. Smith, Mutual Life, Orlando; A. L. Litschgi, Equitable Life, Tampa. A. R. Cassidy, Penn Mutual, Miami, succeeds Leroy Johnson, Sun Life, Jacksonville,

TO ALL CREDITORS AND POLICY-HOLDERS OF AND CLAIMANTS AGAINST THE NATIONAL LIFE INSURANCE COMPANY OF THE UNITED STATES OF AMERICA:

Pursuant to the decree entered on February 7, 1934, by the Superior Court of Cook County, Illinois, in the case entitled, "People of the State of Illinois, ex rel. Ernest Palmer, Director of Insurance of the State of Illinois, vs. National Life Insurance Company of the United States of America, a corporation," in the Superior Court of Cook County, Illinois, in Chancery, Number 587,940, public notice is hereby given to all persons, firms and corporations, whether policyholders or not, having or asserting any claim or demand against the National Life Insurance Company of the United States of America, or having or asserting any title to or lien upon or equitable interest in any of the assets forming part of the receivership estate being administered by the undersigned Receiver, or having or asserting any preference priority or security over creditors generally, that a contract between the Hercules Life Insurance Company, an Illinois corporation, and the undersigned, Patrick J. Lucey, as Receiver of the National Life Insurance Company of the United States of America, was authorized to be and has been executed, under which the policies and contracts of insurance, supplementary contracts, annuity contracts, and the reinsurance contracts, issued, assumed or reinsured by the National Life Insurance Company of the United States of America, have been assumed and reinsured by the Hercules Life Insurance Company subject to the lien, and upon certain terms and conditions set forth in said contract, a copy of which may be had upon application to the undersigned Receiver.

Any policyholder who does not wish to accept the benefits of said contract may file a claim in the manner and within the time hereinafter referred to, and in that event Hercules Life Insurance Company shall be under no obligation or liability of any kind or character as to the policy or contract in respect of which such dissent is made and claim filed, and the policy or contract of such policyholder shall be considered as terminated as of October 17, 1933. Every policyholder who does not so dissent shall be deemed to have accepted the benefits of said contract and to have assigned his claims to Hercules Life Insurance Company, as provided in said decree and in the aforesaid contract.

All persons to whom this notice is given are required under the terms of said decree, on or before sixty days from the date of the entry thereof, to file written proofs under oath, in duplicate, of their respective claims or demands, with the undersigned Receiver, at his office, 29 South La Salle Street, Chicago, Illinois, and in default of so doing, they shall be forever barred and precluded from participating in the distribution of the assets of the National Life Insurance Company of the United States of America or of the moneys, assets or property in or which may hereafter come into the possession of the Receiver, or the proceeds thereof or income therefrom.

Said decree further makes provisions regarding the manner of proving such claims and demands.

A copy of said decree is available at the office of said Receiver. Blank proofs of claim are also available at the office of the Receiver which will be furnished by the Receiver upon application to any claimant or his attorneys for use in making a proof of claim.

Dated Chicago, Illinois, February 8th, 1934.

PATRICK J. LUCEY,
as Receiver of the National Life Insurance Company of the United States of America, 29 South La Salle Street, Chicago, Illinois.

CONCANNON & DILLON,
Attorneys for Receiver,
69 West Washington Street,
CHICAGO, ILLINOIS.

as secretary. S. F. Gammon, Prudential, Jacksonville, is the retiring president.

Resolutions were adopted urging co-operation with other lines of insurance for securing a separate state insurance department and municipal tax reform. It was urged that no town or city be allowed to tax more than half of the state levy and that there be no conventions held in towns or cities that refuse to comply with this plan of tax relief. Where municipalities persist in ignoring this ratio of levy insurance companies are asked to refrain from the purchase of any of their bonds or other securities.

Seek National Convention

The 1936 National association convention is to be invited to Florida, and the 1935 state convention voted to Tampa. "Personality as a Basic Factor in Selling Life Insurance" was discussed by C. Spillman, lecturer; "The Education of the Life Underwriter," by W. J. Matherly, dean of the school of business administration, University of Florida; and "Trial Balance" by D. R. Mason, Aetna Life, Jacksonville. Mr. Mason lined up the assets and liabilities of an agent in the securing of business. A. R. Jaqua, Cincinnati, associate editor of the "Diamond Life Bulletins," gave a blackboard talk on special plans and contracts. H. E. North, vice-president Metropolitan Life, spoke on "Modern Selling," and President C. V. Anderson of the National Association on "Have You Made Your Will?" G. E. Lackey, Detroit, general agent of the Massachusetts Mutual, spoke at the banquet.

Sales Congress Plans Told

New York City Life Underwriters Have Gripping Program for the Annual Gathering

NEW YORK, March 1.—L. J. Valentine, chief inspector of the New York City police department and the central figure in the police reforms that have been taking place since the fusion administration came into office, will speak at the annual banquet of the New York City Life Underwriters Association March 8. Inspector Valentine, it is rumored, will become police commissioner in the near future, the present commissioner, General O'Ryan, going to the transit commission. The other speaker, H. V. Kaltenborn, nationally known author, lecturer and radio commentator, is also announced.

Three Ring Forum Plan

The all-day sales congress which will precede the banquet will open promptly at 8:55 a. m. with the novel feature of the "Man in the Man," who will pass along such advice as only the prospect can give to the agent. Following an address entitled, "Now We're Somewhere," by F. J. Mulligan, president of the association, the assembly will adjourn to the rooms where the separate simultaneous sessions will be held.

From 9:45 to 11, life men may attend any of the eight following sessions: "The Beginners' Market"; "Getting the Time"; "Sensible Selling"; "Answers to Objections"; "The Small Program"; "Introduction to Business Insurance"; women's session; open forum. During the next hour they may have their choice of the eight following: "Advanced and Selective Prospecting"; "Getting the Money"; "Selling Psychology"; "Answers to Objections"; "The Estate of Insurance"; "Life Insurance in Its Relation to Business"; women's session; open forum.

In the two open forum meetings the chairmen will make no set speeches, but will be prepared to answer any questions or discuss any subjects that anyone cares to present. Albert Hirst and D. B. Maduro, counsel respectively of

the state and city associations, will assist the chairmen of these sessions. Chairmen of the other sessions will open their meetings with talks of 15 to 20 minutes, leaving at least 40 minutes of each hour for discussion on the subject.

Big Program at Kansas City

St. Louis and Chicago Leaders and George Brannan, Little Rock, to Speak at Congress

KANSAS CITY, MO., March 1.—More than 300 are expected to attend the annual sales congress of the Life Underwriters Association of Kansas City here tomorrow. C. O. Fischer, general agent Massachusetts Mutual, St. Louis, and president of the Missouri State Association, will talk on "Today's Salesman." F. M. See, general agent New England Mutual, St. Louis, will talk on the "Ten Commandments for Closing the Sale." Roy L. Davis, president of the Chicago Association of Life Underwriters, will speak on "Meeting the Challenge of 1934." George Brannan, New York Life, Little Rock, Ark., will discuss "Penetrating the Status-Fear." John R. Hastie, Mutual Life of New York, Chicago, will talk on "Budgeting and Programming Insurance." Superintendent R. E. O'Malley of Missouri and Commissioner C. F. Hobbs of Kansas have been invited to talk.

Columbus Association Holds Its Annual Sales Congress

COLUMBUS, O., March 1.—At the annual sales congress of the Life Underwriters Association of Columbus C. C. Doyle, president, presided at the morning session; Paul M. Smith, vice-president and chairman of the congress, at the luncheon, and E. C. Deckard, chairman of the program committee, at the afternoon session. Rev. E. D. Soper, president of Ohio Wesleyan University, spoke at the luncheon. Speakers at the sales congress were Jerome Clark, vice-president of the Union Central Life; Oliver Thurman, vice-president Mutual Benefit Life, Newark; Alexander E. Patterson, general agent Penn Mutual, Chicago, and A. E. N. Gray, assistant secretary of the Prudential.

"Life insurance has to do with life values at every point," said Dr. Soper. "It deals with the risks of life as well as the sure things. It is an insurance that the one or ones who are left shall not suffer as they otherwise might by the removal of the one who is insured. It is a method by which we extract some certainty out of the uncertainties of life. Life insurance is a testimonial given by our civilization of the worth of human personality. It is an assertion of the long view instead of the short view."

Birmingham, Ala.—The Birmingham association has the largest membership in its history after taking in 125 new members last week, the total being 382. Birmingham won the national trophy last year for having the largest increase in membership and is seeking a second consecutive victory this year. Coke Wright, former president, told of the advantages of his membership, saying it was worth ten times what he paid for it. J. O. Ogle, general chairman, outlined plans for insurance week March 19-24.

Northern New Jersey—Plans are being made for Financial Independence Week, which will start off in Newark with a breakfast. A managers' meeting will be held in Newark March 8 at which W. R. Baker, former president, will speak.

Akron, O.—Holgar J. Johnson, Pittsburgh general agent of the Penn Mutual Life, spoke on "Establishing a New High in Our Ability to Produce." He said that there was a distinct upturn in business. His agency has placed much business by finding out what classes of individuals are insuring in the upturn. In this way the number of solicitations needed to make a sale is

lessened. The Akron association has made arrangements with the Akron university to provide for endowments through life insurance annuity contracts. The endowment association of the university will furnish the agents with the names of prospects.

Richmond, Va.—As a result of the depression, alluring high profits will not be found in the future, Dr. R. B. Pinebeck, dean of men at the University of Richmond, declared. Instead, a systematic plan of savings will have such a vogue as never before. Life insurance, he said, fits well into the new order. No other institution weathered the storm so well during the depression.

A communication was read from R. B. Hull, managing director National association, asking the Richmond body to get in touch with Senator Byrd and urge him to use his every endeavor to have the bill in Congress placing a tax on annuities killed.

Houston, Tex.—R. L. Daniel, chairman Texas board of insurance commissioners, spoke on the "Safety of Investment of Insurance Funds." He stressed the fact that the public should be assured of the same character of the investment of insurance funds and that it should be informed of the safeguards which the state throws around such funds. President H. R. Smith outlined plans for the observance of financial independence week.

Bay City, Mich.—J. A. Pino, Mutual Benefit, Lansing, president Michigan State association, outlined the steps it is taking to protect the interests of both the insuring public and the agents. Frederick Neumann, Massachusetts Mutual, warned against rebating, and E. A. Hull of Equitable of New York spoke on reinstating lapsed policies.

South Bend, Ind.—H. A. Cramer, general agent Northwestern Mutual Life, spoke on stressing the soundness and high character of the general investments of all sound life companies and to avoid comparisons that might fix in the layman's mind any doubt as to the safety of the institution of insurance.

Mobile, Ala.—Speaking before the largest meeting of the association in recent years, Ted M. Simmons, manager of agencies of the Pan-American Life, talked on the "Profession of Life Insurance." The president, Henry Toemes, general agent Penn Mutual, presided. A considerable increase in membership is reported as the result of the activities of a new membership committee headed by R. C. Ward, district manager of the Pan-American.

Hartford—At a luncheon members heard an address on "Ten Coordinated Fundamentals," by W. M. Benton, superintendent of agencies Massachusetts Mutual Life. Fred Way of the Travelers was elected a director to fill the vacancy caused by the resignation of Lou Tobie, who left the city to become assistant manager for the Travelers in Rochester.

Birmingham, Ala.—At a business meeting a resolution was adopted to incorporate the association. T. J. Huey, W. S. Owen, J. O. Ogle, E. A. Raughley and F. S. Chisolm were elected trustees. The annual sales congress will be March 24. Several speakers of national repute have been secured.

Pittsfield, Mass.—The dormant Berkshire county association has been revived. Leon L. Riche is elected president; Owen E. Hogerty, vice-president; U. F. Haffner, secretary; and W. M. Sistaire, treasurer. The executive committee includes W. W. Kearns, C. R. Halford, F. D. Griggs, E. W. Nelson, Mrs. Helen B. Freeman, Alexander Milne and Richard O'Brien.

Speakers were W. F. Larson of Springfield, president of the Western Massachusetts association, and E. C. Taylor, also of Springfield. Agents Superintendent L. B. Hendershot of the Berkshire Life was chairman.

Yakima, Wash.—At the annual mid-state sales congress conducted by Yakima Valley association F. C. Robinson, Northern Life, was the initial session leader. President F. W. Norhard, Travelers, welcomed the guests. Commissioner W. A. Sullivan of Washington lauded the splendid spirit of cooperation between his office and the life men. "In-

come Insurance and Your Business Needs" was discussed by W. L. Waltz, Travelers, Seattle. W. K. Hood, Mutual Life of New York, Portland, talked on "Confidence, the Builder of Success. At the afternoon session L. E. Miller, Sun Life, was the leader. "Picking Out the Live Ones," was discussed by F. W. Paris, associate manager National Life of Vermont, Portland. William W. Boyd, Aetna Life, Seattle, spoke on "Time and Effort Control and What It Has Done

for Me." S. B. Thompson, general agent Penn Mutual Life, gave a close-up view of "Back Stage in the Life Insurance Interview." "Rewards and Responsibilities of Returning Prosperity" was discussed by S. W. Weaver, president Great Northern Life. R. E. Forest, manager Metropolitan Life, was toastmaster at the banquet and C. J. Frisbie, associate manager New England Mutual, Seattle, spoke. Great interest in the program was evidenced this year.

NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem." Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

Penn Mutual Dividends Lower

Reduction Applicable July 1 Is Said to Average 11 Percent at Younger Ages

Dividend reduction reported to average 11 percent at younger ages and applicable on and after July 1 is announced by the Penn Mutual. Until that date the 1933 scale applies. The dividend year has been changed from May 1 to July 1. The reduced basis applies only to dividends payable in the last six months.

The company has apportioned \$12,750,000 for dividend distribution in 1934. After July 1, interest on policy proceeds and dividends held at interest will be 4.25 percent, which rate will be the dividend on the participating life income policy.

On account of persistently heavy losses under certain disability annuity clauses, deduction from dividends on policies containing these clauses was approved by the trustees. These deductions, on the basis of \$10 monthly disability income are:

Age	Dis. Clause in effect Sept. 15, 1932, to June 30, 1933	Dis. Clause in effect July 1, 1933, to Dec. 31, 1933
15-24	\$1.05	\$0.80
25-29	1.30	1.05
30-34	1.55	1.30
35-44	1.80	1.55
45-49	2.05	1.80
50 and over	2.30	2.05

Dividends on waiver of premium only will not be affected.

The dividends applicable July 1 to ordinary life are given below. Figures for other forms have not been made public.

Age	2	5	10	15	20
20	\$4.22	\$9.36	\$5.00	\$5.61	\$6.37
21	4.27	9.49	5.09	5.73	6.54
22	4.31	9.63	5.18	5.86	6.68
23	4.40	9.79	5.29	6.00	6.84
24	4.46	9.93	5.39	6.14	6.70
25	4.54	10.10	5.51	6.30	6.78
26	4.61	10.28	5.63	6.47	6.87
27	4.70	10.48	5.77	6.62	6.97
28	4.78	10.69	5.90	6.78	7.06
29	4.88	10.90	6.06	6.94	7.18
30	4.97	11.11	6.22	7.13	7.32
31	5.07	11.33	6.39	7.31	7.46
32	5.19	11.60	6.44	7.33	7.55
33	5.30	11.86	6.49	7.01	7.64
34	5.43	12.19	6.57	7.14	7.75
35	5.56	12.48	6.64	7.27	7.84
36	5.71	12.82	6.73	7.42	7.94
37	5.86	13.03	6.83	7.52	8.02
38	6.03	13.30	6.95	7.63	8.10
39	6.22	13.56	7.07	7.73	8.16
40	6.25	13.84	7.21	7.83	8.20
41	6.31	13.99	7.36	7.92	8.23
42	6.38	14.16	7.48	8.02	8.32
43	6.47	14.35	7.59	8.10	8.39
44	6.55	14.60	7.70	8.17	8.45
45	6.67	14.85	7.81	8.22	8.48
46	6.79	15.14	7.92	8.25	8.59
47	6.92	15.40	8.02	8.35	8.69
48	7.08	15.69	8.11	8.43	8.77
49	7.26	16.02	8.18	8.50	8.83
50	7.37	16.32	8.24	8.53	9.13
51	7.50	16.58	8.27	8.66	9.46
52	7.63	16.86	8.39	8.77	9.80
53	7.76	17.11	8.48	8.86	10.14
54	7.88	17.34	8.55	8.92	10.49
55	8.01	17.57	8.59	9.29	10.87
56	8.11	17.75	8.74	9.66	11.25
57	8.21	18.03	8.88	10.06	11.66
58	8.28	18.24	8.98	10.46	12.09
59	8.33	18.43	9.07	10.90	12.55
60	8.48	18.54	9.50	11.35	13.03
61	8.60	18.90	9.95	11.82	13.53
62	8.70	19.21	10.43	12.33	14.08
63	8.76	19.47	10.93	12.87	14.65
64	8.96	19.64	11.46	13.43	15.25
65	9.15	20.42	12.02	14.04	15.90

Lincoln National's New Policy

Issues Single Premium Retirement Income Form as Well as Annual Premium Contract

Beginning March 1 the Lincoln National Life will issue a single premium retirement income policy as well as its annual premium contract. This single premium policy is designed to appeal to the investor of today who has a lump sum to invest through which he desires to provide himself with a life income at retirement. The new contract serves a purpose similar to the single premium deferred annuity with guaranteed return of premium. The retirement income may begin at any age between 50 and 70; both men and women are eligible. It is not necessary for the purchaser to decide at the time he buys the policy the age at which his retirement income is to begin. He may decide that when the time comes. Either a life or refund annuity may be chosen. The contract provides cash values and death benefits. It may be issued to men with income disability benefits.

The Lincoln National Life has reduced its rate of excess interest paid on trust bonds and instalment certificates from 1 1/4 percent to 3/4 percent. The excess interest is entirely eliminated from the deferred annuity portion of the continuous monthly income settlement. The rate of interest for accumulation of dividend deposits and the premium deposit fund is reduced from 4 1/2 to 4 percent. The rate of interest used in discounting premiums paid in advance is reduced from 4 1/2 percent on the first five premiums and 4 1/4 percent on the subsequent premiums to 4 1/4 on all premiums paid in advance. The dividends on premium paying policies will be reduced as of April 1. On paid up policies there will be changes up and down in individual cases but not a great change in the aggregate.

Confederation Life

Announcement of an increase in non-participating rates has been made by the Confederation Life of Canada. The increase is graded according to age of issue and type of policy, but for most plans amounts roughly to 3.5 percent. The new scale of rates follows fairly closely that adopted last year by the Hartford companies. One feature is that the greatest increases are in the earlier ages with little or no change in rates for older policies. The increases apply to all non-par rates issued by the company excepting the all-life plan under the Confederation series where a small reduction of about 1 percent has been made.

Federal Reserve Life

The Federal Reserve Life of Kansas City, Kan., is reducing its upper age limits for non-medical insurance for both men and women to age 35. Heretofore the maximum age has been 45 for men and 40 for women. The change will also affect the writing of juvenile insurance when payor insurance is requested. If the payor is older than insurance age 35, he or she must be examined even though the child is within the juvenile non-medical limits and need not be examined.

Will T. Brown State Manager

Will T. Brown has been appointed state manager in South Carolina for the American National Life of Galveston. His headquarters will be at Columbia.

Valuable Service Rendered Claimants in Security Life

Great service was rendered policyholders and other claimants against the Security Life of Chicago by the receiver and his attorneys in rendering a report on claims allowed or disallowed, with a notation on each individual notice sent to claimants indicating the disposition. The usual procedure in receiverships is to notify claimants a report is on file in court but, due to additional work required to show specifically the disposition in each case, not to attempt to do so. The great majority of claimants cannot consult the court record, being widely scattered, and cannot afford to retain an attorney for this purpose.

Bankers National Promotions

W. J. Sieger, superintendent of agencies, and J. M. Webb, claims manager, of the Bankers National Life of New Jersey, have been named vice-presidents. Mr. Sieger has been superintendent of agencies since January, 1932, while during that period Mr. Webb has been claims manager and assistant treasurer.

Cincinnati Gets Executive Committee Meet of Agents

The mid-year meeting of the executive committee of the National Association of Life Underwriters will be held in Cincinnati, April 27-28.

C. H. Werring Resigns

C. H. Werring, home office supervisor of the Midland National Life of Watertown, S. D., has resigned and moved to Minneapolis. During the last three years he has been secretary and treasurer of both the Watertown Life Underwriters Association and the South Dakota Association of Life Underwriters. Before going to Watertown he was with the Equitable Life of New York as assistant agency manager in St. Paul.

H. E. Tank's 29th Anniversary

Henry E. Tank, assistant manager in the life department of the Travelers' Chicago branch, observed his 29th anniversary with the company March 1. Mr. Tank, who is in charge of brokerage production is a plain-spoken man who wins the affection and respect of all with whom he comes in contact.

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Fraternal Take Militant Action

(CONTINUED FROM PAGE 3)

cieties are to continue in line with the experience of old line companies; whether they shall continue to seek the same opportunity in investments; whether they shall continue to foster such loans on policies.

He asked whether the cash loans are based on a theory that can be carried out. He asked whether the line of demarcation between fraternal and old line insurance might not be more clearly defined, perhaps with a return to the old fundamental ideas of fraternal insurance. The time never was more opportune to let the public know just what fraternal insurance is, he said. He predicted a new fraternal era.

President Marks in his message touched on the municipal bankruptcy bill. He suggested the subject of rating

persons engaged in the liquor, beer and wine business, which he said should be given serious consideration by all life organizations. The N. F. C. sent a questionnaire to all member societies, 56 replying. Of these 35 accept brewery risks standard, six with 10 percent or more extra premium and 21 do not accept these risks at all; 35 accept wholesale and retail liquor and beer distributors standard, three charge 10 percent or more extra. Fifteen of the 56 societies have by-laws prohibiting coverage of such risks; some plan to amend and liberalize by-laws. He said there is no doubt of the increased hazard of excessive drinking. Fraternal have the advantage of social features in careful selection.

Gives Legislative Review

De E. Bradshaw, head of the Woodmen of the World and chairman committee on statutory legislation, reported on inimical bills in Iowa, Minnesota, New York, New Jersey, Kentucky and Tennessee. In New York and New Jer-

sey, bills are pending providing that general rules of law and not rules of the societies shall apply to their contracts. The New Jersey Fraternal Congress is opposing the bill in that state.

In Tennessee a bill was passed entitling certain corporate entities, such as road and drainage districts, cities, etc., to levy fees against fraternal for soliciting within their districts. This same situation has been met before in certain districts of Mississippi. The Tennessee insurance department has asked a ruling from the attorney-general on constitutionality of the law.

Mr. Bradshaw characterized as very serious the problem in Oklahoma, where suits to collect gross premium tax retroactively were filed. He said William Jennings Bryan helped to draft the Oklahoma constitution, which contains many phrases that are ambiguous. Attorneys for the state, however, are willing to give societies all opportunity to file answers and be heard. The cases will come up on regular call. President, Steele of the presidents' section advised that the societies should get together and engage counsel to represent the congress in fighting the suits.

Tells of Ohio Situation

Mr. Marks said a problem is presented in Ohio where the law now taxes the surpluses of fraternal and the taxes are being collected. He said the strength of the N. F. C. is needed in the various sections where trouble is developing, but no matter how effective officers of the N. F. C. may be, strong local work is needed. An effort is being made to reorganize the Ohio Fraternal Congress and make it active.

Mr. Marks announced the acquisition of two members, the A. O. U. W. of Minnesota, which formerly was a member, and is represented by Fred Campbell, and the United Mutual Life, the old insurance department of the Knights of Pythias, represented by Harry Wade.

Actuaries Agree Rewritten Cases Are Generally Bad

(CONTINUED FROM PAGE 3)

grant a general agent the privilege of rewriting practically any policyholders, giving full first year commission, bonus, credits on agency club qualifications, etc. This general agent was considered one of the best. He began rewriting right and left, not producing new business and, the actuary said, absolutely has been spoiled. There have been many complaints from policyholders about his operations. A number of 20 pay life policies with premiums paid for many years were rewritten.

Urges Giving Only Renewals

This actuary suggested that if rewrites were necessary the agent should be entitled only to his renewal commission: (1) Because he is saving his own business upon which otherwise he would get no commission in future, and (2) because he profits from extension of the period of renewal, which dates from the date of rewriting and not the old date of issue.

Portions of the latest confidential report of the Research Bureau of Hartford on a survey of company experience were read. An eastern company which has had one of the best 1933 new business records also experienced the worst record on terminations. Company procedure varies on rewrites. Many consider it best not to have an established procedure; another idea is that a changed policy form should be used and not a new application; another that no credit should be given for rewrites on honor rolls or qualifications; another that companies should clamp down and keep records on agents with bad risks, putting them on a special list and perhaps holding up their business for satisfactory explanation.

Thoughts advanced to minimize re-writing were perhaps to leave such offerings in suspense for several days, to

call for extra information which would cause delay and inconvenience to the agent, to underwrite on probable persistency as well as mortality.

The Research Bureau reports a medium size company grants privilege of rewriting only to its best general agents. This company, even so, out of 300 rewritten cases, some of which had premiums prepaid for several years, suffered lapsation of 150 policies on the first anniversary.

An actuary representing a branch office type of company said salaried men in the cashier's department can create more good will and give greater service in connection with rewrites than agents who are interested in commissions. Several actuaries were of opinion that the salaried conservation man is of value in this work.

Aviation Hazard Discussed

Another subject discussed was aviation underwriting. It was the general belief that a medium or small size company cannot afford to write aviation as it cannot get the spread. It was said companies would have to raise the extra premium charged army pilots who have been assigned to carry mail. Several actuaries advised that all companies re-insure their entire aviation hazard.

The effect of dollar deflation on life insurance will be good, the actuaries believe. It will help companies in regard to their assets, enable funded debts to be discharged and improve investments. English experience has been good and the managed currency in Sweden and other foreign countries has been of great benefit. Anything that helps the debtors helps the insurance companies to pay their obligations, it was said.

Test Power of Congress to Abrogate Gold Clause

(CONTINUED FROM PAGE 2)

of policies takes effect, policies already in effect are not changed by the law.

The constitution prohibits states from impairing the obligation of contracts. It does not prohibit Congress from impairing the obligation of contracts. Congress is given exclusive power to enact bankruptcy laws. Bankruptcy of course impairs the obligation of contracts.

It is beyond doubt that an ordinary government, such as the government of any one of the 48 states, or a government in full authority in any country, has power to alter contracts or do any other act, just or unjust. The only restriction on the states of the American union is in the constitution by which they are bound. The federal government however is not in full authority. It is a government of delegated powers, and the constitution expressly stipulates that powers not expressly granted are withheld. Therefore the power of Congress to abolish the gold clause in existing contracts must be found somewhere in the constitution.

Wait for Final Decision

It would not be difficult for the U. S. Supreme Court to hold that the power of Congress over the currency includes power to make the established currency legal tender on debts, and to nullify private contracts in conflict with the currency laws. In fact, it would seem that the power of Congress over currency would be a nullity unless it included the power to make it legal tender, regardless of private contracts. It is significant that the constitution does not prohibit Congress from impairing the obligation of contracts.

It is also significant that the constitution was adopted at a time when devaluation of the currency was frequent and sometimes radical. It might easily be supposed that the power of Congress over the currency was granted with the practice of devaluation in view.

Whatever the decision, it is to be hoped it will be speedy.

W. H. Hackleman, Indianapolis general agent of the Massachusetts Mutual, is confined to his home by illness.

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Southland Life Insurance Company

HARRY L. SEAY, President

HOME OFFICE

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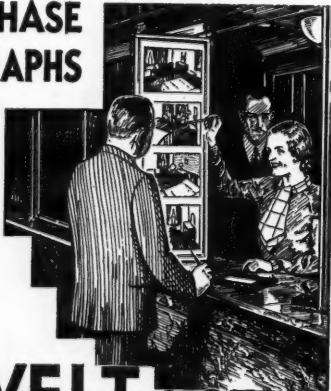


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SALES IDEAS AND SUGGESTIONS

Selling Security of Life Insurance Is Key to 1934 Market Says Clark in Columbus Sales Congress Talk

A strong plea for selling the security of life insurance was presented at the Columbus, O., sales congress by Vice-President Jerome Clark of the Union Central Life.

"The institution of life insurance has taken on many aspects in the public mind during the past few years," said Mr. Clark, "and it has been called upon to solve many problems. Today, the most important problem which has been presented to life insurance for solution, is the problem of security. The American people want to know how life insurance will provide security for them."

"What does this demand for security tell us about our plans for prospecting and our methods of selling? Life insurance has always stood for security, and we have always sold it for security. But, have we? People were not thinking about security before the crash, and we, as salesmen, had to sugar-coat our life insurance security with selling arguments more in keeping with the times. We sold large lines of life insurance to gratify vanity; we tried to make our policies look like bonds, and other forms of financial instruments; we played up tax-exempt features and formulated all kinds of complicated irrevocable arrangements; we piled figures on figures in our presentations. We were not selling the kind of security that people want to hear about today."

"I believe that we shall find our 1934 market in the head of the household who is busily engaged in seeing how he can cut the family budget. We shall find that market in the man who has viewed the period of unemployment. Loss of earning power is no longer just a phrase to him. It is something real and bitter—to be safe-guarded against with security. We find that market among those who know now that it is just as hard to keep money as it is to earn it. The regular, but slow appreciation of a life insurance policy looks mighty good today to the man who wants comfort and security for his old age."

"The past few years have brought a marked depreciation in the value of and return from material wealth. The value of capital may sink to even lower levels. No wonder people want security. Life insurance will not raise these fallen values. That will be a long drawn-out and tedious process. Life insurance, however, will give security during the process—not security against every emergency, but security against the worst catastrophe of all, the uncertainty of life itself. What a market there is for the security of life insurance!"

"This market for security is big, but it is not everywhere. We are not going to just stumble over it. In order to find this market we must be prepared to

look for it. We must be willing to pour new names into our prospect lists and continually see these people.

"The year 1934 is setting up certain guideposts which mark the way to a satisfactory production. The first guidepost points to life insurance for security. There is our market in 1934. The second guidepost admonishes us to look to our prospecting. That new market will be found in the new contacts we will make. The third guidepost suggests a sales technique tied right in with present selling conditions."

"A guidepost merely indicates a remedy; it is up to us to apply that remedy and so to grow with the great business of life insurance which is playing such a vital part in our national life today."

C. L. U.

Herbert M. Woollen, president of the American Central Life, was the guest speaker at a meeting of the Indianapolis chapter of C. L. U. held at the American Central home office. Members joined in a round-table discussion of current life insurance problems. H. E. Nyhart, president of the chapter, presided.

All those in Detroit interested in C. L. U. work will be invited to attend a dinner to be given there March 13 by the Detroit C. L. U. chapter, of which R. E. Olmsted, general agent Penn Mutual, is president.

Plans for the dinner were made at a luncheon of the officers of the chapter at which George E. Lackey, general agent Massachusetts Mutual and C. L.

U. councillor of the National Association of Life Underwriters, and F. L. Klingbeil, Prudential ordinary manager and chairman of the C. L. U. committee of the Qualified Life Underwriters, were present.

The fourth section of the C. L. U. course began Jan. 29 and Part 5 will be taken up March 12.

At the February meeting of Los Angeles C. L. U., Varian Green, Security-First National Bank, Los Angeles, talked on the effects of the "New Deal" on the monetary situation and general business conditions. Inflation and rising prices will result in the sale of a greater volume of life insurance, he said. J. P. Brady, Los Angeles attorney, talked on tax matters affecting life insurance and annuities. He told of a recent decision wherein a corporation was allowed for income tax purposes to take credit by deduction of premiums paid for life insurance which had originally been taken out to guarantee payment of bonds of the corporation. He said the case may be appealed.

R. F. Short, Dallas supervisor of agents for the Southland Life, is conducting a class in salesmanship in the Dallas C. L. U. course. D. L. Mayer is lecturing on "Psychology of Life Insurance."

At the quarterly meeting of the San Francisco C. L. U. chapter, J. B. Lawyer, instructor in the University of California extension division, spoke on "Money." W. J. Lennox, New England Mutual, president of the chapter, presided.



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For 1934 we have available some choice openings for general agencies in productive IOWA, MINNESOTA and NEBRASKA territories. Splendid contracts are waiting for those who qualify with experience, integrity and ability. The men we select will be backed to the limit with intensive personal home office and field help. Go forward into 1934 with us. Write.

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States of
New York
and Ohio

There are many men who would make good local and district managers for this 62 year old Company. We are trying to find them. And when we do they will be glad to hear our story. But, frankly, the best managers we have found were men who started with us as agents. Our problem is to fit good men to available territory in the states of Ohio and New York.

Buffalo Mutual Life is a progressive Company, growing fast, but not so large as to make individual attention and instruction difficult. If you feel you are managerial material and are willing to prove it by starting as an agent, write in confidence and detail to E. Parker Waggoner, Supt. of Agents, Buffalo, N.Y.

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NEWS OF THE FRATERNALS

Medical Directors in Session

Amebic Dysentery, Occupational Disease, Heredity and Environment Discussed in Chicago Gathering

Amebic dysentery is a serious problem, members of the medical directors' section of the National Fraternal Congress, meeting in Chicago, concluded in open discussion. There are certain lines of treatment but no specific cures. There was discussion of occupational diseases found among railway employees, following a paper on this subject read by Dr. Z. T. Wirtshofer, Brotherhood of Locomotive Firemen & Engineers, Cleveland.

Amebic dysentery is not a new disease, it was said, but has been encountered for many years. It is believed to have been the so-called "camp fever" which ravaged the soldiers during the Civil war. The medical directors question whether all types of dysentery should be termed amebic unless the amebus bacillus is observed.

Dr. A. D. Cloyd, medical director Woodmen of the World, Omaha, read a fine paper on "Heredity and Environment." He said the last 30 years have been characterized by great improvement in standards of living conditions, of labor and an increased sense of social responsibility, much development in sanitation, medicine and methods of controlling infectious and other diseases. He was hopeful the race will be more vigorous and happier in future. Discoveries in relation of environment to health efforts will be employed.

He said age composition of the people has changed considerably in the last 30 years, brought about by diminished birth rate and continued immigration of adults. Today there is a larger population of older persons and smaller proportion of children. Improvements in medical science and public health activities have prolonged lives of weaker children who will increase mortality rate in later years. The theory is advanced by some persons that a shorter lived, less virile race is being bred, the weakling surviving to the reproductive period of life.

Dr. G. C. Winterson, Supreme Forest of Woodmen Circle, Omaha, presided.

Can't Lapse the Policy

When, for years a fraternal society receives monthly dues at any time during the particular month, despite the provision in the policy that they must be paid by the tenth of the month, the society cannot lapse a policy because the premium dues were not paid or received by the tenth of the month without previous notice of intention to abandon the accustomed method of payment and hold to the strict letter of the policy. This is a decision of the Arkansas supreme court in *Columbian Mutual Life vs. High*.

New Modern Woodmen Limit

Maximum Set at \$25,000 and Minimum at \$500—Double Indemnity Allowance Extended

LINCOLN, NEB., March 1.—The Modern Woodmen of America has issued a dispensation that will permit a maximum of \$25,000 insurance to be carried by any one member, double indemnity being included in the total. New forms of benefit certificates are to be used. No certificate will be carried for less than \$500 hereafter. The old maximum before the society started writing legal reserve insurance was \$3,000. The amount of double indemnity benefits, formerly \$5,000, has been increased to \$10,000. On payment of a monthly sum of 15 cents per \$1,000, a rider will be attached to all certificates waving benefit payments and dues where total and permanent disability develops. An additional examination will be required for all certificates in excess of \$10,000.

Law Association in Gathering

A. E. Nelson of St. Paul Elected President, Succeeding H. A. Beckett of Cleveland

A. E. Nelson of St. Paul, general attorney, Degree of Honor Protective Association, was elected president of the Fraternal Society Law Association at the annual meeting in Chicago. He was vice-president last year and succeeds H. A. Beckett of Cleveland. H. W. Adams of Beloit was elected vice-president, A. J. Calhoun, practicing attorney Memphis, Tenn., treasurer, and R. F. Allen of Topeka, assistant general counsel Standard Life Association, reelected secretary. Mr. Beckett goes on the executive committee. This was the 25th annual convention, large attendance of 60 being record.

J. L. Schweigert, Denver, presented a paper on the "Open Contract in Old Line Life Insurance," which was treated at length in the general discussion. There was considerable discussion of the municipal bonds default situation, the lawyers not favoring the ordinary bondholders' protective committees.

Take Up Taxation Issue

Another question uppermost was attempted taxation of fraternal societies' premium income which reached a head with the filing of many suits in Oklahoma. It was said a law in the state

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of Washington recently was amended to include taxation of fraternal. Both these sectional difficulties are being watched closely.

Many members are also members of the law section of the National Fraternal Congress which meets at the time and place of the N. F. C. convention, to be Aug. 20-23 in Atlantic City. E. K. Stiles of Omaha, general attorney Woodmen Circle, is president and R. F. Allen secretary-treasurer.

Prominent Speakers Named for New England Congress

Speakers for the annual New England sales congress, to be held in Boston March 27, include James A. Fulton, president of the Home Life; Julian S. Myrick, manager in New York for the Mutual Life of New York; Thomas Scott of the home office general agency of the Penn Mutual Life; Roy Vivian Pomeroy of Newton, Mass.; B. C. Forbes, business publicist, and H. E. North, second vice-president Metropolitan.

Announcement of speakers was made by Arthur Murphy, vice-president of the Boston Life Underwriters Association, at the February luncheon.

The sales congress will be concluded with a banquet in the evening at which Superintendent Van Schaick of New York is scheduled to be the speaker.

The speaker at the luncheon meeting of the Boston association was Roderick Pirnie, president of the Western Massachusetts Association of Life Underwriters.

McC Campbell Assistant Actuary

I. M. McC Campbell has been appointed assistant actuary of the Ohio State Life. He has been with the actuarial department for 10 years and is a graduate of Ohio State University.

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